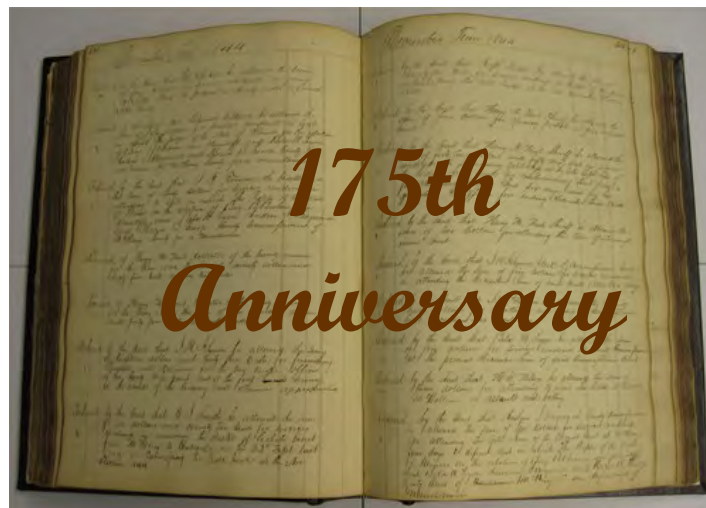


County of McHenry, Illinois



*Comprehensive Annual Financial Report
For the Fiscal Year Ended November 30, 2012*

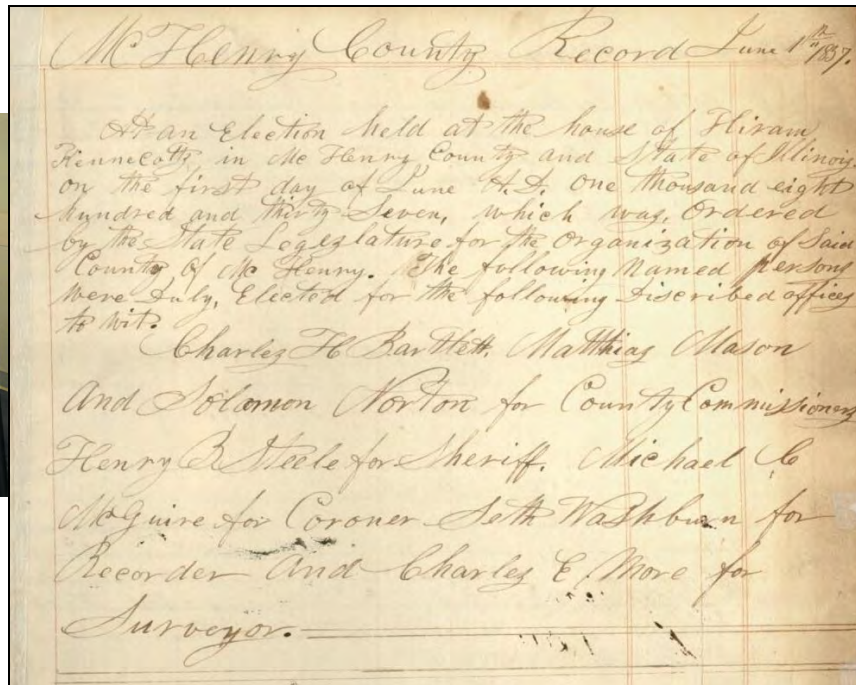
On June 1, 1837, the Board of County Commissioners for the newly established County of McHenry met for the first time. All of the information of those first few years of meetings were handwritten in a journal. No one knows how long it was missing, but in 2010, this original leather-bound first volume of the minutes of those meetings resurfaced. County Recorder Phyllis Walters was contacted by a private party from Springfield who had possession of the journal and they generously shipped it back to Recorder Walters and its origin. She then had the book professionally deacidified, re-stored, re-bound, scanned and digitized. The journal was then presented back to the County Board at their June 1, 2010 meeting. At the presentation, both Recorder Walters and McHenry County Historical Society Administrator Nancy Fike reflected on the early pioneers and settlers of the area that would eventually evolve into McHenry County. Recorder Walters talked about the vast rolling prairies that were well watered with large beautiful oak trees. Ms. Fike talked about all of the interesting items that were contained in the journal and how the recorded minutes pre-dated electricity, railroads, township government, and the Civil War.

It is indeed wonderful that the journal found its way back home in plenty of time to celebrate the 175th anniversary of McHenry County in 2012. As the County looks forward to the future, we can be thankful for the strong trailblazers who petitioned to create and name the County of McHenry, and to the leaders since that point who have brought our County government to the strong point where it is at today.

The scanned contents of this first journal are available for public viewing at the Recorder's website:

www.co.mchenry.il.us/departments/Recorder/Pages/McHCtyJournal1.aspx.

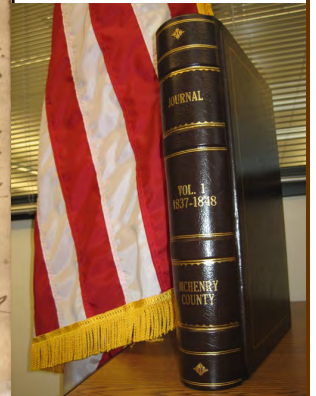
The original book is in a locked display for protection and viewing in the County Board offices.



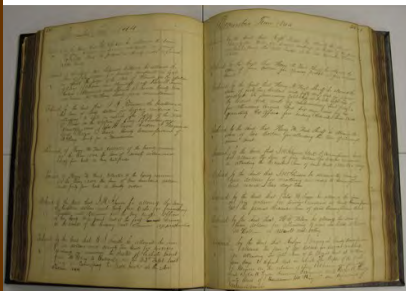
McHenry County Record June 1st 1837.

An Election held at the house of Hiram Kennecott, in the Henry County and State of Illinois, on the first day of June A. D. One thousand eight hundred and thirty seven, which was, Ordered by the State Legislature for the Organization of said County of Mc Henry. The following Named persons were duly, Elected for the following Described offices to wit:

Charles H. Bartholm, Matthias Mason
And Solomon Norton for County Commissioners
Henry B. Steele for Sheriff. Michael C. McGuire for Coroner. Seth Washburn for Recorder And Charles E. Moore for Surveyor.



McHenry County Recorder Phyllis Walters and County Board Chairman Ken Koehler



County of McHenry, Illinois

Comprehensive Annual Financial Report

For the Year Ended November 30, 2012

Prepared by the County Auditor's Office:

Pamela Palmer, County Auditor

James Bernier, CPA, CPFO, Financial Reporting Manager/Chief Deputy Auditor

INTRODUCTORY

County of McHenry, Illinois

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County of McHenry, Illinois

OFFICERS AND OFFICIALS

November 30, 2012

COUNTY BOARD MEMBERS

Tina Hill, Chairwoman
Michele Aavang
Yvonne Barnes
Nick Chirikos
Sue Draffkorn
Diane Evertsen
Joseph Gottemoller
John D. Hammerand
James L. Heisler
John Jung, Jr.
Kenneth D. Koehler
Donna Kurtz

Bob Martens
Mary T. McCann
Mary E. McClellan
Anna May Miller
Robert "Bob" Nowak
Nick Provenzano
Sandra Fay Salgado
Carolyn Schofield
Ersel Schuster
Michael Skala
Michael J. Walkup
Paula Yensen

ELECTED OFFICIALS

Pamela Palmer
Katherine M. Keefe
Anne L. Majewski M.D.
Katherine C. Schultz
Phyllis K. Walters
Keith Nygren
Louis A. Bianchi
Leslie Schermerhorn

William LeFew

Auditor
Clerk of the Circuit Court
Coroner
County Clerk
Recorder
Sheriff
State's Attorney
Superintendent of Educational
Service Region
Treasurer

ADMINISTRATIVE

Peter Austin

County Administrator



**Letter
of
Transmittal**

PAMELA PALMER
COUNTY AUDITOR

JAMES BERNIER, CPA, CPFO
FINANCIAL REPORTING
MANAGER/
CHIEF DEPUTY AUDITOR



PHONE: 815 334-4204
FAX: 815 334-4621

May 08, 2013

To the Chairman of the Board,
County Board Members, and the
Citizens of McHenry County, Illinois:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2012, as prepared by the McHenry County Auditor's Office. Illinois State Statutes require the County to produce a complete set of audited financial statements for each fiscal year. This CAFR is provided to fulfill that requirement for the fiscal year 2012. The financial statements included in the CAFR conform with generally accepted accounting principles in the United States of America (GAAP), as established by the Governmental Accounting Standards Board. The County is responsible for the accuracy and fairness of the financial statements and information presented in this report. I believe that the data presented conforms to that responsibility and enables readers of the report to gain an understanding of McHenry County's operations. The financial statements included in the CAFR were audited by the independent certified public accounting firm of Baker Tilly Virchow Krause, LLP and received an unqualified opinion. See the Independent Auditors' Report on page I in the financial section.

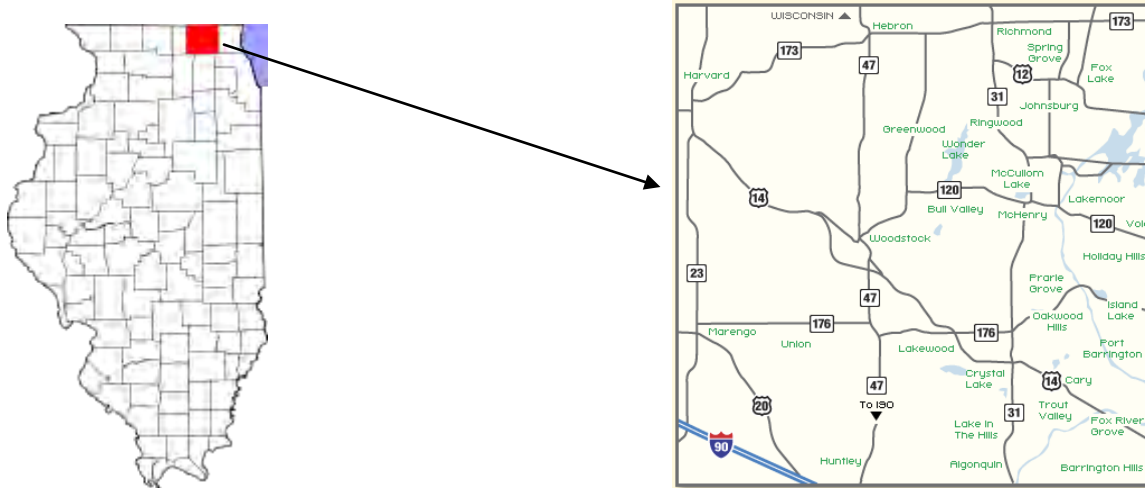
The Management of the County has the responsibility to establish and maintain accounting policies and procedures and other internal controls for the preparation of complete and accurate County financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designated to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. This CAFR is intended to be used as a source of financial information and data for the citizens of the County, board members and other elected officials, investors, creditors, and other readers. The Auditor's Office can be contacted with any questions concerning the CAFR, which can also be viewed (along with prior year CAFRs) via the Auditor's webpage at <http://www.co.mchenry.il.us/departments/auditor/Pages/annualRpts.aspx>

The County Board is required by Illinois state statute to adopt an operating budget before the start of a new fiscal year. The annual budget serves as the foundation for the County's financial planning and control. The budget is maintained on an object code basis (personnel services, contractual, commodities, capital, etc.) by department. Transfers of budgeted amounts between funds or any amendments to the originally approved budget by means of an emergency appropriation require approval by the County Board.

The CAFR also reports the activities of two component units, the Public Building Commission and the McHenry County Conservation District. For a detailed description of the relationship these organizations have with the County that require them to be reported as component units, see Note 1 of the Notes to Financial Statements.

In accordance with GAAP, this CAFR includes Management’s Discussion and Analysis (MD&A), which provides a narrative introduction and an overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The remainder of this transmittal letter will provide an overview of the County’s economic conditions and demographic information, along with accomplishments achieved during fiscal year 2012, and major initiatives of the County.

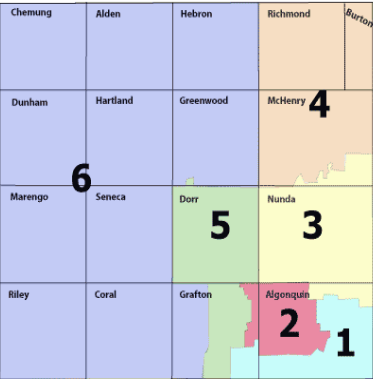
Profile and History of McHenry County, Illinois



McHenry County is located in the northeastern part of Illinois, and is adjacent to Walworth and Kenosha Counties in Wisconsin and the following counties in Illinois – Lake, Cook, Kane, DeKalb and Boone. The County covers a total area of 611 square miles consisting of 603 square miles of land and 8 square miles of water. The 2012 estimated population by the U.S. Census Bureau is 308,145 and is discussed in more detail later in this letter. Over 30 communities cover the county with residential growth covering the eastern half and rolling countryside to the west. The County is approximately 50 miles northwest of Chicago and has access to I-90 in the southwest corner of the County. Several state highway routes transect the County (U.S. Highways 12, 14 and 20 and Illinois Routes 23, 31, 47, 62, 120, 173 and 176), making it accessible to areas in northern Illinois or southern Wisconsin. McHenry County government is based primarily out of Woodstock and County offices and the judicial facilities are located along Illinois Route 47. The Mental Health office and a joint Animal Control/Health facility are located in Crystal Lake. There are also several state agencies with local offices in Woodstock.

The early beginning of the County resulted from people who moved out from the Chicago area in search of land and farm sites. They petitioned the Illinois legislature in 1836 to form a new local county. The new area was named in honor after Colonel William McHenry, who commanded a regiment during the Black Hawk War. McHenry County was established on January 16, 1836 and was incorporated on June 1, 1837 by three residents, who were duly elected as the first Board of County Commissioners. A Sheriff, Coroner, Recorder and Surveyor were also elected at that meeting. Another meeting was held on June 5, 1837 in which a Clerk, Secretary, and Treasurer were appointed. It was also ordered by the Court that Judges of Election be appointed in order to hold an election on June 10, 1837 for Justices of the Peace and Constables. These elections were held in the homes of the residents.

Originally, McHenry County stretched to Lake Michigan on the east until 1839, when voters were granted the right to split the area and to form a new county called Lake County. The original county seat was located in the village of McHenry. However, a more central location was desired and Centerville was named the county seat in 1844. Centerville was renamed to Woodstock in 1845 and remains to this day as the county seat. In December 1849, voters established a township system of government, in part to provide a better system for road taxation, due to the poor road systems in place. The introduction of railroads brought changes to the County as it enabled farmers the ability to ship their products to Chicago’s markets and provided transportation for commuting to city jobs. All of the changes made throughout the early years resulted in migration of residents who sought the rural lifestyle for raising their families while still having access to the city for their jobs. The result of this transformation was the growth and establishment of the towns, cities, and villages that exist today.



Oct 2011
Map of Townships and Districts

Besides the 17 townships that McHenry County is organized under, the County is divided into 6 County Board districts with 4 representatives elected from each district. Every two years, the County Board elects one of the members as Chairman of the County Board, along with a Vice-Chairman. There are also 9 other officials elected by the citizens of the county: Auditor, Circuit Clerk, Coroner, County Clerk, Recorder, Regional Superintendent of Schools, Sheriff, State’s Attorney, and Treasurer. The County Board appoints the departmental directors after conducting a search for the best candidates. A County Administrator is the chief administrative officer and prepares and recommends the annual budget, implements policies and procedures, manages daily operations, and oversees department directors.

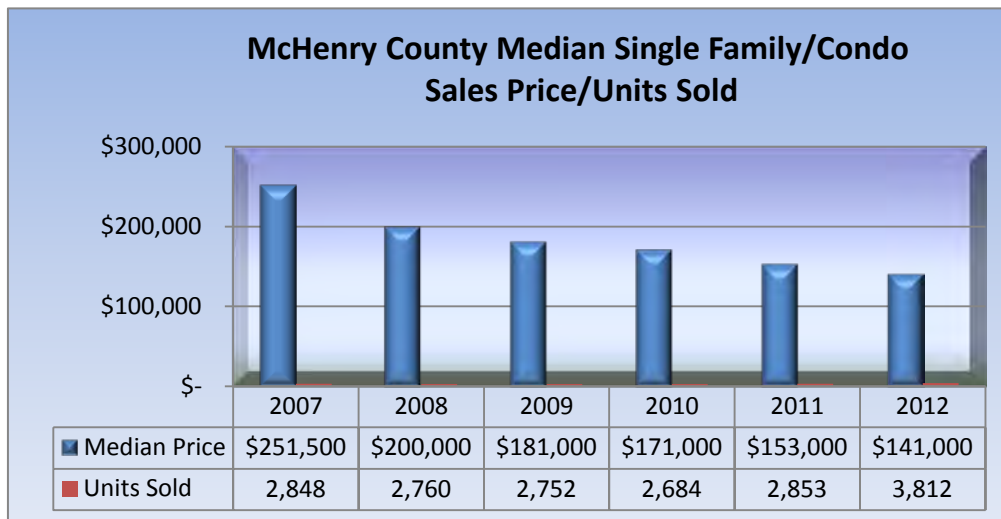
The County provides a range of services for its citizens including law enforcement, construction and maintenance of roads and bridges, property assessment and tax collection, official records, elections, document recording, comprehensive planning and growth management, social service programs, judicial functions, health services, animal control services, emergency disaster and response planning, storm water management, environmental protection, groundwater protection, and the administrative functions to support all of these services.

June 1, 2012 marked the 175th anniversary of the County’s incorporation. Besides the County issuing a proclamation marking this important point in time, the McHenry County Sheriff’s Office also celebrated their 175th anniversary for the establishment of the Office by producing a special book filled with historical information and pictures.

Economic Condition of McHenry County, Illinois

Local Economy

McHenry County is continuing to see signs of a slow recovery from the national recession, which began in December 2007 and lasted until mid 2009. A weak housing market, foreclosure activity, lower retail sales, and unemployment hampered the local economy. Sales of single family homes and condos are highlighted in the following chart obtained from market reports by the Illinois Association of Realtors. A view of these residential home sales data before and during the recession reflects a continuing decrease in the median price, but an increase in the sales volume in 2012 as follows:



Source: Illinois Association of Realtors

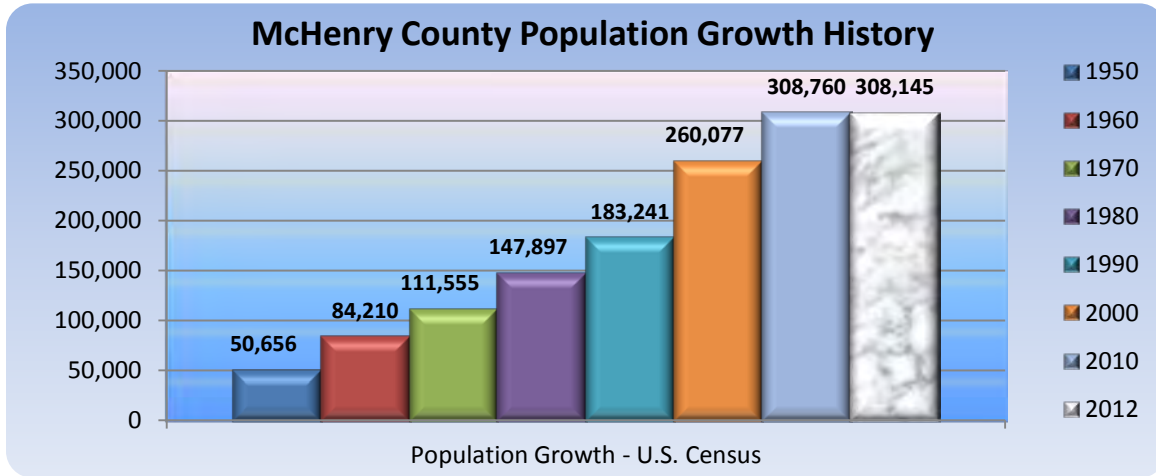
McHenry County is starting to see some recovery in the local economy. A monthly Sales Tax Analysis Report is prepared to track the revenues forwarded from the State of Illinois for the 1% and 0.25% sales tax rates. Although the sales tax is still below the highest year experienced in FY2006 of \$9.6 million, FY2012 ended up with \$9.1 million in sales tax receipts. The low point in sales tax revenue occurred in FY2009 when only \$7.9 million was received locally.

The median household income as published by the U.S. Census Bureau for McHenry County was \$70,682 for 2011 as compared to the State of Illinois' median household income of \$53,271. In comparison, reported in 2010 was a County median household income of \$69,290 and the State of Illinois' at \$52,967. The County continues to have a low percentage of persons below the poverty level with the U.S. Census Bureau reporting 6.4% for families as of 2011 as compared to 11.0% for the State.

Population Growth

The U.S. Census Bureau's 2012 annual estimate of the County's population was released at 308,145, which continues to place McHenry County as the sixth largest county in Illinois out of a total of 102 counties and shows a net change of only 10 residents from the 308,135 estimate for 2011. The entire State of Illinois' population only increased by 15,503 residents, or 0.1%, since the 2011 census estimate. Statewide, seventy (70) of the counties experienced a population decrease of 16,260, with thirty-two (32) counties gaining 31,763 residents over the 2011 census estimate.

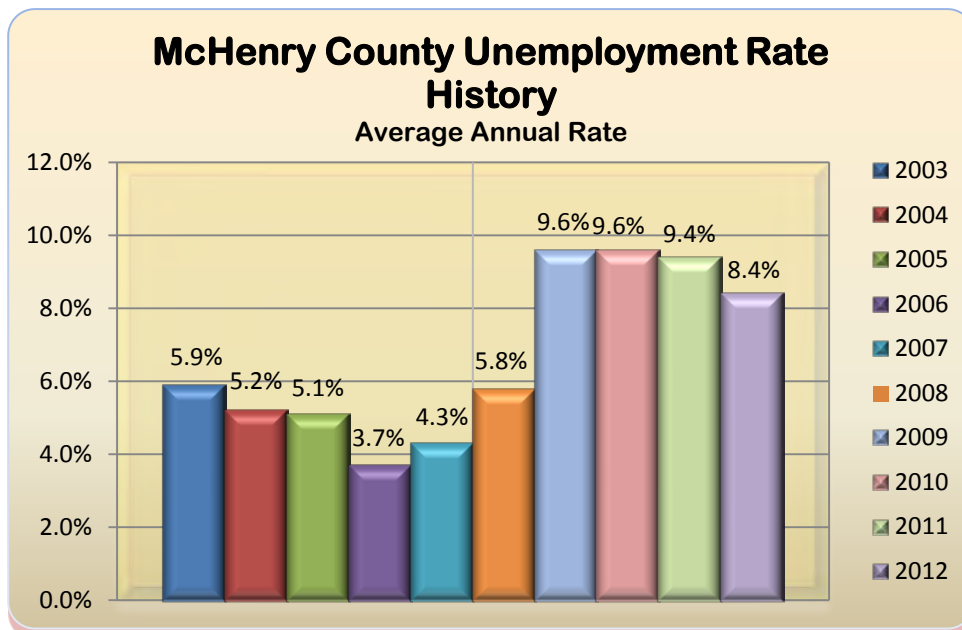
The following chart depicts the County's population growth in 10 year intervals starting with 1950 and also includes the data for the current calendar year 2012:



The County's population growth was significant in the 1990's with an overall increase of 41.9% from 1990 to 2000, slowing down to 18.7% from 2000 to 2010, when the most recent decennial census was completed.

Unemployment

The County's average unemployment rate was as follows for the past five years: 8.4% (2012), 9.4% (2011), 9.6% (2010), 9.6% (2009), and 5.8% (2008). For the State of Illinois, the average annual unemployment rates have been 8.9% (2012), 9.8% (2011), 10.3% (2010), 10.0% (2009), and 6.4% (2008). The U.S. unemployment rate for 2012 was 8.1%. In 2012, the total County annual average labor force was 176,716, consisting of 161,900 employed and 14,816 unemployed. The comparable statistics for 2011 relate to a slightly lower total labor force of 174,823 with 158,436 employed and a higher number, 16,387, of unemployed individuals. The information presented in this section is contained within reports issued by the Illinois Department of Employment Security. The chart below represents that average unemployment rate over the past ten years:



SOURCE: Illinois Department of Employment Security – LAUS Report

The McHenry County Workforce Investment Board and Workforce Network produced a report titled '2012 McHenry County Labor Report', which is available on their website at the following address: <http://www.co.mchenry.il.us/departments/workforceinvestmentboard/Pages/index.aspx>. The report is filled with various demographic information, trends, workforce composition information, and an outlook for occupations and industry for 2012 – 2015. The report also notes that even with the positive news of the decrease in the unemployment rates since July 2009, factors such as the aging population, retirements, moving out of the area and dropping out of the work force will bring challenges to the local labor force availability. The Workforce Board and Network will meet these needs with strategies and plans to attract workers to McHenry County businesses and industries.

Long-term Financial Planning and Relevant Financial Policies

A key factor in the quality of the County's current financial position is prudent financial management. The County Board continues to address the weak revenue environment with corresponding controls on expenditures. A prime application that exemplifies the fiscal discipline the County strives to maintain is described in the following paragraph.

An important tool developed by the County's administration in 2002 is the financial model for the General Fund, which is used to assess the County's condition and to assist in making financial decisions. This model allows the County to manage the budget and conduct long-range planning based upon certain assumptions that are incorporated. County Administration created a Budget Task Force in 2012 and held four major meetings in order to educate County Board members on the financial state as well as the budget process of the County. These meetings were also held to receive clear, concise direction for the development of the FY13 budget from the County Board members. These efforts were precipitated in order to address concerns about the anticipated revenues that would be available for the next budget. The County's formal policy requires that the general fund maintain an unassigned fund balance equal to five months of budgeted operating expenditures. As of November 30, 2012, the County had an unassigned general fund balance of \$48,046,334 as compared to \$86,745,707 in operating expenditures (FY 2013 budgeted), or a reserve of 6.6 months.

Budgetary Controls

McHenry County has operated on a "no growth" or maintenance budget for the past several years, which means that each department starts out with the same appropriated budget from the prior year. Supplemental requests from departments are received and reviewed during the budget process by County Administration, the Committee of the Whole, and the Finance and Audit Committee. These supplemental requests are ranked by priority based upon overall department needs and the importance. The purpose of the supplemental request in meeting the strategic and financial goals of the County is also considered and the final decision to fund the request is based upon the amount of supplemental funds available. The County's Financial Model (discussed in the paragraph above) is also used to determine the supplemental funds that are available.

Cash Management

McHenry County's Investment Policy contains cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of all County funds, and the County Auditor, who is responsible for the accounting of said funds. The specific objectives of the policy include: 1) the safety and preservation of the principal, 2) sufficient liquidity to meet the County's operating requirements, 3) maximization of interest income consistent with safety and liquidity, 4) diversification of account holdings in financial institutions with respect to the policy objectives of safety, liquidity, and income, 5) diversification of

the types of depository and investments accounts with respect to the objectives of the policy, and 6) compliance with all applicable laws and regulations by which the Treasurer is bound.

Capital Plan

A five-year capital plan is prepared for building improvements and building construction projects, technology, vehicles, and equipment. These capital plans are made a part of the Financial Model in order to determine their impact on the fund balance.

Strategic Planning

The County entered into a new contract in September 2012 with the Northern Illinois University (NIU) Center for Governmental Studies which will: 1) Revise and re-cast the current short term strategic plan to identify key goals and strategies for the next three (3) years; 2) Develop action plans to implement the strategies; and 3) Draft performance measures to track and report success of the action plans and progress towards goals. A new multi-year plan will be established in early 2013 from this contract. In the mean time, the County continued with the last year of the present strategic plan and reported results of achievements through a score card.

Major Initiatives

General and Administrative

- County Administration worked on implementing the IQM2 MinuteTraq and MediaTraq software, which now allows for agenda management and web streaming services. This system increases the efficiency of the agenda preparation/minute taking process and allows for the general public to listen to live audio of the County Board's bi-monthly meetings over the Internet.
- The County Auditor's Office was notified of the 14th consecutive year of receiving an award from the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. Another report, the Popular Annual Financial Report (PAFR), received a fourth consecutive GFOA Award for Outstanding Achievement for the FY2011 report. McHenry County was the first County in Illinois to produce and receive this award.
- County Coroner Marlene Lantz retired after 32 years of service in the office and holding the position of Coroner since 1988. Dr. Anne Majewski was officially sworn in as the new Coroner on December 1, 2012.
- County Recorder Phyllis Walters and her staff successfully finished their multi-year project "Backfile Conversion" by imaging all documents from 1839 – 2012. This accomplishment makes the McHenry County Recorder's Office the first in the State of Illinois to achieve this goal. Records are now searchable in-house and on-line within seconds.
- The McHenry County Ethics Commission Ordinance was amended to include training for all County employees. Working with the County's IT Department, a half hour on-line training program was established, which produces a certificate after the course and test questions are completed.

Transportation

- Six (6) County Board workshops were conducted to review the 2012 – 2016 Highway Improvement Plan (HIP) which were held to review the HIP and to discuss long-range transportation issues. The Plan was approved in early 2012 after some changes were made based upon the discussion and notes from the workshops.

- An intergovernmental agreement was approved between the County of McHenry and PACE Suburban Bus for McRide transit services in 2012. This was the final piece of agreements to implement the new service.
- The Division of Transportation (DOT) celebrated the beginning of their 100th year anniversary in 2012. In June 1913, the Tice Law was enacted to fix the state highway system. Tice, a legislator, worked with his colleagues for good road legislation to “pull Illinois out of the mud.”
- The Rakow Road construction project was finished two weeks ahead of schedule with all lanes opened to traffic on November 16, 2012. Parts of the road were widened to either four or six lanes for greater capacity and efficiency.

Community Development

- Orientation was conducted for new members of the CDBG Commission due to new by-laws that were approved in December 2011, prior to the 2012 CDBG Funding Application Hearings.
- Meetings were begun in September 2012 for joint discussions by both the Planning & Development Committee and the Zoning Board of Appeals to review the draft by the consultants of the Unified Development Ordinance (UDO).

Public Safety

- The McHenry County Sheriff’s Office earned its accreditation from the National Commission on Correctional Health Care. This was the third accreditation that the Sheriff’s Office had recently earned, including two others from the Commission on Accreditation for Law Enforcement Agencies (CALEA) and the American Correctional Association (ACA).
- David Christensen, Emergency Management Agency Director, announced that McHenry County was selected to attend the Emergency Management Institute in Emmitsburg, Maryland through the Department of Homeland Security for intensive community emergency management training for key elected officials, appointed officials and qualified individuals from McHenry County. This will be attended in 2013 and the course will be conducted by FEMA (Federal Emergency Management Agency).

Judiciary and Court Related

- A Case Management software system continued to be worked on during the year in the State’s Attorney and Public Defender’s Offices and was scheduled for full implementation by the end of the year. The State’s Attorney’s part of the system will be for the First Offender Program.
- Mr. Norm Vinton was named the new First Assistant by Lou Bianchi for the State’s Attorney’s Office. Mr. Vinton had practiced law in McHenry County courts for twenty years prior to joining the Office.

Public Health and Welfare

- The County paid off the final debt on the Valley Hi Nursing Home during January 2012, which was originally taken out in 2003 for the purpose of construction of the new Valley Hi facility. The original term of the debt was to end in January 2022.
- The Senior Services Grant Fund Program approved \$1.8 million in funding during September 2012 for seventeen proposals that will be given out during FY2013, covering social services and transportation for senior citizens.
- The Health Department received two NACO Achievement Awards for their response to rabid animals and one for their Children’s Health and Safety Fair. In addition, the Medical Reserve Corp received National recognition for their Smoking Cessation program and their Emergency Planning issues.
- In April 2012, Leslie A Schermerhorn was appointed into the Vacant Elected Position of Regional Superintendent of School after the position being open for several months.

Debt Management

The County's Debt Issuance policy provides for guidelines and procedures to be used in the issuance and management of McHenry County's debt instruments, as well as an understanding of the tasks, duties and responsibilities of the participants. Included in the policy are how requests are handled, the development of the Five Year Capital Improvement Plan annually, the selection of consultants, counsel and underwriters, and arbitrage. During 2012, \$5,465,000 in debt certificates were issued to refund previous debt. In addition, the debt certificates issued for the Valley Hi facility construction were repaid in full in 2012. Further information on the County's outstanding debt can be found in the Management Discussion and Analysis and the Notes to Financial Statements.

Credit Rating

In April 2010, Moody's Investor Service assigned an Aaa rating to McHenry County's debt issuances and affirmed the rating in April 2012 upon the issuance of \$5.6 million in Refunding Debt Certificates. This is the highest rating available and puts the County in the top tier of local governments in terms of financial strength in both Illinois and nationally. Historically, the first bond rating by Moody's was in 2002 with an Aa3, followed by an upgrade to Aa2 in 2003. In September 2006, the rating was adjusted to Aa2+ and again upgraded to an Aa1 in June 2007. This attained rating will allow the County to issue debt at the lowest possible interest rate.

McHenry County 2030 Plan

The 2030 Plan was adopted on April 20, 2010 by the County Board and is intended to serve as a guide for regional planning and decision making over the next two decades. The *McHenry County 2030 Comprehensive Plan* establishes a vision for McHenry County as well as a set of actionable goals and objectives that serve as a road map to realizing that vision. It provides long-range policy recommendations for the development and redevelopment of the County's built form and physical assets as well as for the maintenance and enhancement of the County's valued natural resources.

Legislative Programs

The McHenry County Board had adopted a Federal Legislative Program in 2011 for Federal Fiscal Year 2012. The major points of the program includes seeking the following: 1) \$550,000 for Stormwater Management to complete comprehensive watershed and flood mitigation plans for the Lower Nippersink Creek Watershed and the Upper Fox River Watershed; 2) \$1,000,000 to build a highway bypass by adding capacity to sections of Charles J. Miller Road, River Road, and Chapel Hill Road through adding one additional lane in each direction, adequate turn lanes at other intersections, and bicycle and pedestrian improvements as needed; 3) \$1,000,000 to add capacity to Randall Road from Ackman Road to County Line Road by adding on additional through lanes in each direction, a continuous flow intersection at the Algonquin Road intersection, adequate turn lanes at other intersections, and bicycle and pedestrian improvements as needed to support future bus transit services; 4) \$300,000 for federal technology funds for the Sheriff's Office to share data across departments; and 5) \$400,000 to fund the *Educational C.L.I.M.M.B. Initiative*, which would provide the County's workforce with the development of career pathways.

In addition, the County adopted a 2012 State Legislative Program which contained the following initiatives: 1) Road De-Icing Salt requirements; 2) State funding for the Regional Superintendent of Schools; 3) Property Tax Fairness; 4) Coal Tar Regulation; 5) Flexibility on Prioritizing Local Purchasing; 6) McHenry County Transportation Projects; 7) Preventing Fraudulent Mortgage Documents; and 8) High Capacity Water Wells. In addition, policy concerns were documented in several areas, including but not limited to: Nursing home

Medicaid protection; Unfunded probation services; Stormwater regulations; Local government revenues; Prevailing wage requirements and legislation on local governments arbitration matters.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McHenry County for its CAFR for the fiscal year ended November 30, 2011. This was the fourteenth consecutive year that the county has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The GFOA award is valid for a period of one year. I believe that our Fiscal Year 2012 CAFR continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for another certificate award.

The preparation of this report would not have been possible without the dedicated work and efficiency of the entire Auditor's Office staff. Special recognition goes to Financial Reporting Manager James Bernier, who works diligently and efficiently on all year-end financial reports and related accounting procedures to ensure accuracy, as well as managing the accounting process during the fiscal year. I also extend my appreciation to all of the elected officials and department directors, who along with their staff, cooperate in the gathering of information contained within this report. The valuable support and external audit work from our independent auditors, Baker Tilly Virchow Krause, LLP, is also to be noted.

Sincerely,

Pamela Palmer

Pamela Palmer

McHenry County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of McHenry
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
November 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moirill

President

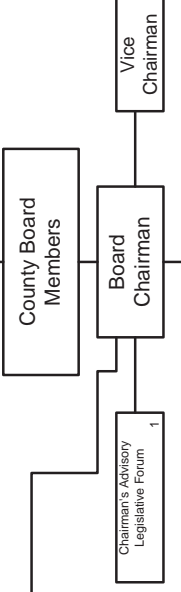
Jeffrey R. Emer

Executive Director

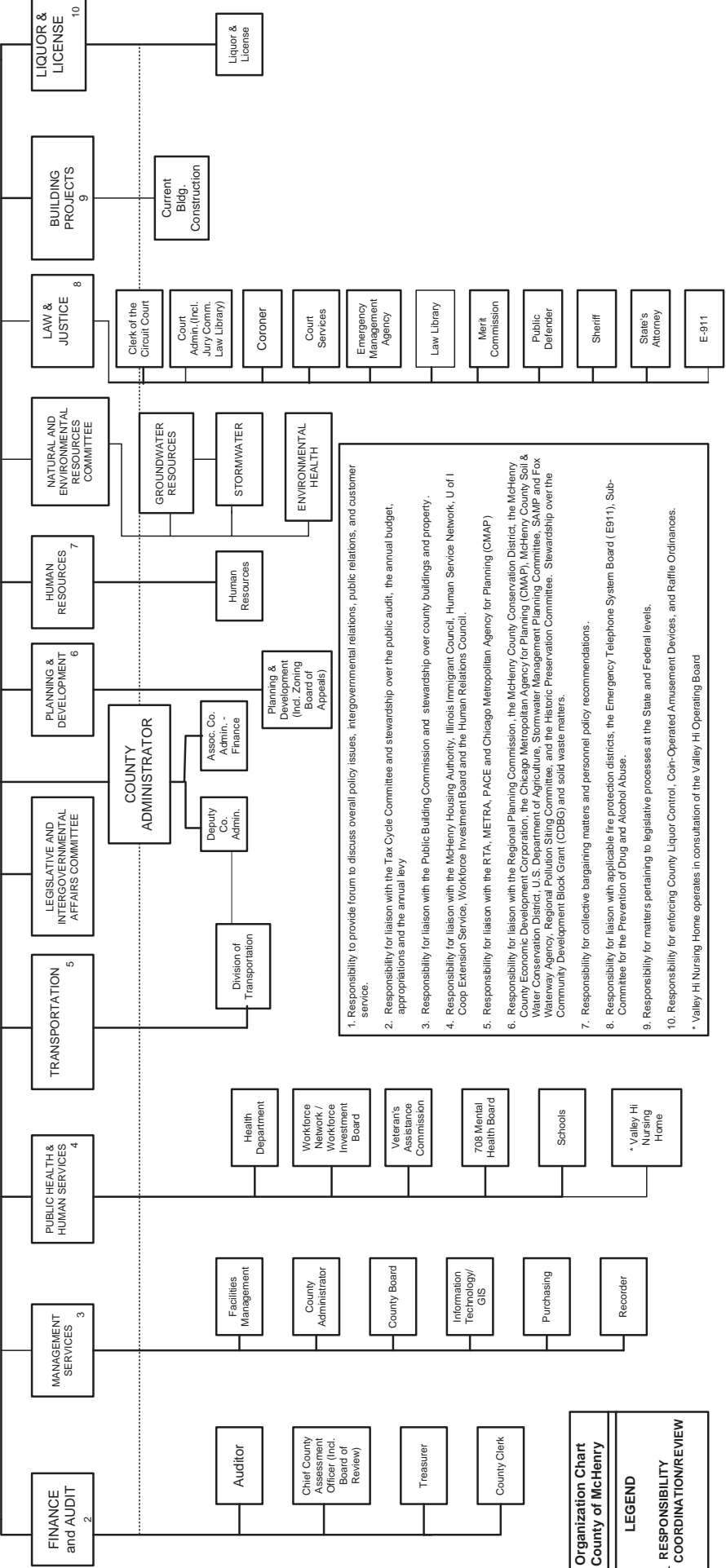


- ELECTED OFFICIALS**
- Auditor
 - Circuit Court Clerk
 - Coroner
 - County Clerk
 - Judges, 22nd Judicial Circuit
 - Recorder
 - Regional Supt. of Schools
 - Sheriff
 - State's Attorney
 - Treasurer

VOTERS of McHENRY COUNTY



Standing Committees



1. Responsibility to provide forum to discuss overall policy issues, intergovernmental relations, public relations, and customer service.
 2. Responsibility for liaison with the Tax Cycle Committee and stewardship over the public audit, the annual budget, appropriations and the annual levy
 3. Responsibility for liaison with the Public Building Commission and stewardship over county buildings and property.
 4. Responsibility for liaison with the McHenry Housing Authority, Illinois Immigrant Council, Human Service Network, U of I Coop Extension Service, Workforce Investment Board and the Human Relations Council.
 5. Responsibility for liaison with the RTA, METRA, PACE and Chicago Metropolitan Agency for Planning (CMAP)
 6. Responsibility for liaison with the Regional Planning Commission, the McHenry County Conservation District, the McHenry County Economic Development Corporation, the Chicago Metropolitan Agency for Planning (CMAP), McHenry County Soil & Water Conservation District, U.S. Department of Agriculture, Stormwater Management Planning Committee, SAMP and Fox Waterway Agency, Regional Pollution Siting Committee, and the Historic Preservation Committee. Stewardship over the Community Development Block Grant (CDBG) and solid waste matters.
 7. Responsibility for collective bargaining matters and personnel policy recommendations.
 8. Responsibility for liaison with applicable fire protection districts, the Emergency Telephone System Board (E911), Subcommittee for the Prevention of Drug and Alcohol Abuse.
 9. Responsibility for matters pertaining to legislative processes at the State and Federal levels.
 10. Responsibility for enforcing County Liquor Control, Coin-Operated Amusement Devices, and Raffle Ordinances.
- * Valley Hi Nursing Home operates in consultation of the Valley Hi Operating Board

Organization Chart
County of McHenry

LEGEND

— RESPONSIBILITY

..... COORDINATION/REVIEW

FINANCIAL

INDEPENDENT AUDITORS' REPORT



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Chicago, IL 60601-5927
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fax 312 729 8199
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and
Members of the County Board
County of McHenry, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of McHenry, Illinois as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of McHenry, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Building Commission's Special Revenue Fund (Blended Component Unit), which represents .04 percent, .05 percent and .00 percent, respectively, of the assets, fund balances, and revenues of the other governmental funds. We also did not audit the financial statements of the Conservation District (Discretely Presented Component Unit), which represent 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Building Commission's Special Revenue Fund (Blended Component Unit) and the Conservation District (Discretely Presented Component Unit), is based on the reports of the other auditors. The prior year summarized comparative information has been derived from the County's 2011 financial statements and, in our report dated May 4, 2012, we and other auditors expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. The financial statements of the Public Building Commission (blended component unit) and the Conservation District (discretely presented component unit) were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the reports of other auditors, the financial statements previously referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of McHenry, Illinois, as of November 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Chairman and
Members of the County Board
County of McHenry, Illinois

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County of McHenry, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison schedules, and schedules of funding progress, and related notes, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of McHenry, Illinois' basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and by other auditors. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of McHenry, Illinois' basic financial statements. The "Introductory" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of McHenry, Illinois. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Chicago, Illinois
May 8, 2013



**Management's
Discussion and
Analysis**

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

This section of the County of McHenry, Illinois' (the "County") comprehensive annual financial report presents management's discussion and analysis (MD&A) of the financial activities of the County during the fiscal year ended November 30, 2012. Please read it in conjunction with the Transmittal Letter, located at the front of this report, and the basic financial statements, including the accompanying notes to financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total assets of the County exceeded its liabilities by \$436.9 million, as of November 30, 2012. Of this amount, \$253.9 million represents net assets invested in capital assets, net of related debt, \$111.1 million represents net assets restricted for specific activities, and \$71.9 million represents unrestricted net assets. \$388.5 million represents net assets for governmental activities and \$48.4 million represents net assets for business-type activities.
- Net assets increased by \$8.2 million for governmental activities and increased by \$6.0 million for business-type activities, for the fiscal year ended November 30, 2012.
- The County's governmental funds reported combined ending fund balances of \$161.1 million, as of November 30, 2012, compared to \$166.6 million at November 30, 2011, which represents a decrease of \$5.5 million or 3.3%.
- The General Fund reported ending fund balance of \$53.2 million, as of November 30, 2012, compared to \$53.9 million at November 30, 2011, which represents a decrease of \$0.7 million or 1.3%.
- Governmental activities long-term obligations (excluding compensated absences, deferred debt certificate issuance premiums, claims and judgments, and other post-employment benefit obligation) totaled \$57.1 million, as of November 30, 2012, compared to \$66.1 million as of November 30, 2011, which represents a net decrease of \$9.0 million or 13.6%. During the year, two new debt certificate issuances were completed for the purpose of refunding prior debt issuances at a lower interest rate. Overall, the refundings will reduce total debt service payments over the next 9 years by approximately \$331,000 and resulted in an economic gain of approximately \$272,000. Business-type activities long-term obligations (excluding compensated absences and other post-employment benefit obligation) totaled \$43,981 as of November 30, 2012, compared to \$9.0 million as of November 30, 2011. The County repaid \$9.0 million of outstanding Valley Hi debt certificates during 2012, using existing resources.
- The County is \$223.8 million below its authorized debt limit as of November 30, 2012.

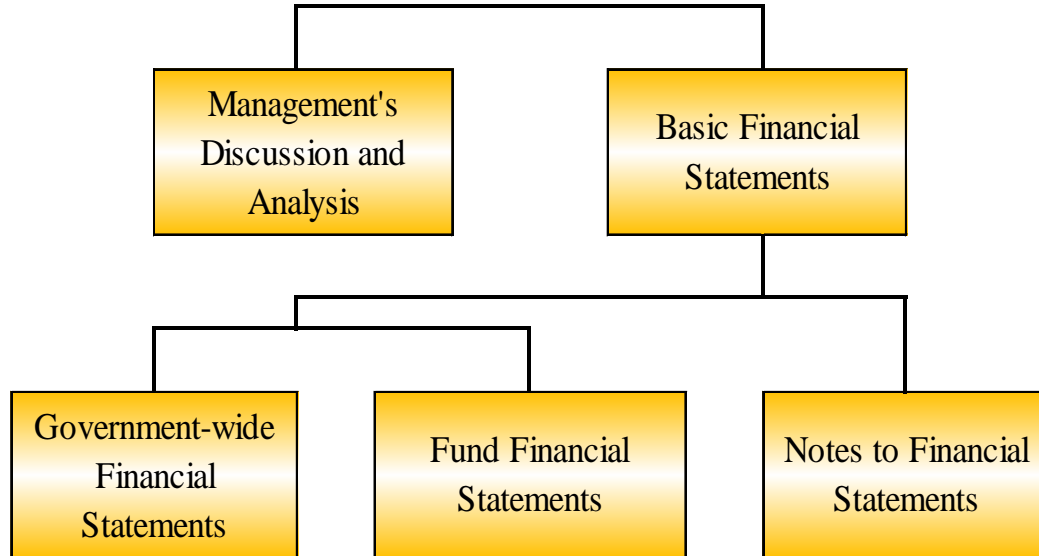
OVERVIEW OF THE FINANCIAL STATEMENTS

This section of MD&A is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements (see figure on following page). The basic financial statements present two different views of the County through the use of government-wide financial statements and fund financial statements.

In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial position of the County.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Required Components of the Comprehensive Annual Financial Report



Basic Financial Statements (BFS)

The **BFS** include two kinds of statements and notes that present different perspectives of the County's financial activities.

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's overall financial status, in a manner similar to a private-sector business.

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government and provide more detail than the government-wide financial statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to Financial Statements**. The notes to financial statements include a summary of the County's significant accounting policies, as well as additional details on various items contained in the financial statements.

After the notes are the following sections: **Required supplementary information** contains the budgetary comparison schedules for the general fund and major special revenue funds, as well as funding information about the County's pension plans and other post-employment benefits. **Supplementary information** is provided to show details about the County's individual non-major governmental funds, which are aggregated in a single column on the basic financial statements, and to show details about individual proprietary funds and fiduciary funds. Budgetary information required by State Statutes also can be found in this part of the comprehensive annual financial report. The **Statistical Section** presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the County's overall financial health.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Government-wide Financial Statements (GWFS)

The GWFS are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The GWFS contains the *statement of net assets* and the *statement of activities*, described below:

The *Statement of Net Assets* presents information using the accrual basis of accounting, on all of the County's assets and liabilities (including capital assets and short-term and long-term liabilities), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each of the County's functions/programs (hereafter referred to as activities). Direct expenses are those that are specifically associated with an activity and are clearly identified with that activity. Program revenues are from charges for services paid by recipients or operating/capital grants and contributions. The comparison of direct expenses with program revenues identifies the extent to which each activity is self-financing or draws from the general revenues of the County. General revenues include property taxes, sales taxes, state income taxes, tax transfer stamps, other taxes, and investment income. The governmental activities of the County include general and administrative, community development, transportation, public safety, judiciary and court related, and public health and welfare. The business-type activities of the County include the Valley Hi Nursing Home (public health and welfare) and the Emergency Telephone 911 operation (public safety). The government-wide financial statements also include legally separate component units – the Public Building Commission (a blended component unit) for which the County is financially accountable and the McHenry County Conservation District (a discretely presented component unit). Financial information for the discretely presented component unit is reported separately from financial information presented for the primary government itself.

The GWFS can be found on pages 1 - 4 of this report.

Fund Financial Statements (FFS)

A fund is a fiscal and accounting entity that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental FFS are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. Governmental funds are reported using the modified accrual basis of accounting, which has a measurement focus of current financial resources. As a result, the governmental fund financial statements give a detailed short-term view to assist the reader in determining if there are more or less financial resources available to finance the County's programs. The difference between assets and liabilities in governmental funds is reported as fund balance, which is presented in categories that describe the nature and extent of constraints on the use of resources that the County is bound to observe. The relationship between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for funds that are considered to be major funds. Governmental funds considered to be major for fiscal year 2012 are the General Fund and the County Mental Health Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The governmental FFS can be found on pages 5 - 8 of this report.

Proprietary FFS The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Valley Hi nursing home and for the Emergency Telephone 911 system operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses one internal service fund to account for employee and retiree healthcare benefits. Services are allocated to governmental activities and business-type activities on the government-wide financial statements based upon the actual level of services provided to these activities.

Proprietary FFS provide more detailed information than the business-type activities on the government-wide financial statements. The proprietary fund financial statements provide separate information for enterprise funds that are considered to be major funds. The Enterprise fund considered to be major for fiscal year 2012 is the Valley Hi Fund. Data for the other enterprise fund, the 911 Fund, is considered to be nonmajor. Conversely, when multiple internal service funds are used, they are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary FFS can be found on pages 9 - 13 of this report.

Fiduciary FFS Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary FFS can be found on page 14 of this report.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS.

The notes to the financial statements can be found on pages 15 - 58 of this report.

Other information

The County adopts an annual appropriation budget for its general, special revenue, debt service, capital projects and permanent funds. Budgets are adopted on a basis consistent with generally accepted accounting principles and the budgetary comparison schedules are presented using the same format, language, and classifications as the legal budget document.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

The budgetary comparison schedules present four columns: 1) the original budget as adopted by the County Board; 2) the final budget as amended by the County Board; 3) the actual resources, charges to appropriations, and ending balances; and 4) the variance between the final budget and the actual resources and charges.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI), which consists of budgetary comparison schedules for the general fund and major special revenue funds, as well as funding information about the County's pension plans and other post-employment benefits. Following the RSI is the supplementary information section, which includes the combining statements, individual fund schedules, and budgetary comparison schedules for non-major governmental funds, as well as various statements and schedules for proprietary funds and fiduciary funds.

The RSI and supplementary information section can be found on pages 59 - 161 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of whether the financial position of the County is improving or deteriorating.

Total assets of the County exceeded its liabilities by \$436.9 million, as of November 30, 2012, as compared to net assets of \$422.7 million as of November 30, 2011; an increase of \$14.2 million or 3.4%. Of this amount, \$253.9 million represents net assets invested in capital assets, net of related debt. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. \$111.1 million represents restricted net assets, which are resources that are subject to external restrictions on how they may be used. Finally, \$71.9 million represents unrestricted net assets. \$388.5 million represents net assets for governmental activities and \$48.4 million represents net assets for business-type activities.

The following table reflects the condensed Statement of Net Assets as of November 30, 2012:

**Statement of Net Assets
November 30, 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	\$ 259,102,510	\$ 263,747,819	\$ 39,414,024	\$ 41,643,931	\$ 298,516,534	\$ 305,391,750
Capital assets	287,875,470	281,748,881	15,562,811	16,658,101	303,438,281	298,406,982
Other assets	262,559	379,063	-	125,208	262,559	504,271
Total assets	<u>547,240,539</u>	<u>545,875,763</u>	<u>54,976,835</u>	<u>58,427,240</u>	<u>602,217,374</u>	<u>604,303,003</u>
Liabilities						
Current liabilities	102,036,014	100,721,047	6,254,161	7,518,537	108,290,175	108,239,584
Noncurrent liabilities	56,735,382	64,838,713	332,670	8,553,110	57,068,052	73,391,823
Total liabilities	<u>158,771,396</u>	<u>165,559,760</u>	<u>6,586,831</u>	<u>16,071,647</u>	<u>165,358,227</u>	<u>181,631,407</u>
Net Assets						
Invested in capital assets, net of related debt	238,349,986	223,693,448	15,518,830	7,685,488	253,868,816	231,378,936
Restricted	111,049,850	116,754,427	-	707,422	111,049,850	117,461,849
Unrestricted	39,069,307	39,868,128	32,871,174	33,962,683	71,940,481	73,830,811
Total net assets	<u>\$ 388,469,143</u>	<u>\$ 380,316,003</u>	<u>\$ 48,390,004</u>	<u>\$ 42,355,593</u>	<u>\$ 436,859,147</u>	<u>\$ 422,671,596</u>

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

For more detailed information on the County's net assets, please refer to the Statement of Net Assets, found on pages 1 - 2.

The following table reflects the results of operations for governmental and business-type activities for the fiscal year ended November 30, 2012:

Changes in Net Assets
For the Fiscal Year Ended November 30, 2012

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 28,635,503	\$ 30,692,876	\$ 12,972,263	\$ 12,537,524	\$ 41,607,766	\$ 43,230,400
Operating grants and contributions	22,450,688	25,326,118	-	-	22,450,688	25,326,118
Capital grants and contributions	255,707	-	-	-	255,707	-
General Revenues						
Property taxes	72,206,475	70,755,868	5,950,311	5,912,097	78,156,786	76,667,965
Sales taxes	18,036,621	17,481,700	-	-	18,036,621	17,481,700
State income taxes	5,749,691	5,139,609	-	-	5,749,691	5,139,609
Tax transfer stamps	1,258,599	1,123,002	-	-	1,258,599	1,123,002
Other taxes	2,006,647	1,955,665	-	-	2,006,647	1,955,665
Investment income	309,709	342,007	72,908	95,932	382,617	437,939
Miscellaneous	469,454	675,704	-	-	469,454	675,704
Gain on sale of capital assets	40,690	-	-	-	40,690	-
Total Revenues	<u>151,419,784</u>	<u>153,492,549</u>	<u>18,995,482</u>	<u>18,545,553</u>	<u>170,415,266</u>	<u>172,038,102</u>
Expenses						
General and administrative	35,519,392	31,708,738	-	-	35,519,392	31,708,738
Community development	4,286,876	4,770,885	-	-	4,286,876	4,770,885
Transportation	19,818,851	18,281,227	-	-	19,818,851	18,281,227
Public safety	38,884,186	38,737,004	2,580,677	2,765,086	41,464,863	41,502,090
Judiciary and court related	13,996,893	13,943,432	-	-	13,996,893	13,943,432
Public health and welfare	28,423,928	27,557,830	10,380,394	9,527,978	38,804,322	37,085,808
Interest and fiscal charges	2,336,518	2,726,775	-	-	2,336,518	2,726,775
Total expenses	<u>143,266,644</u>	<u>137,725,891</u>	<u>12,961,071</u>	<u>12,293,064</u>	<u>156,227,715</u>	<u>150,018,955</u>
Changes in net assets	8,153,140	15,766,658	6,034,411	6,252,489	14,187,551	22,019,147
Net assets at beginning year	380,316,003	364,549,345	42,355,593	36,103,104	422,671,596	400,652,449
Net assets at end of year	<u>\$ 388,469,143</u>	<u>\$ 380,316,003</u>	<u>\$ 48,390,004</u>	<u>\$ 42,355,593</u>	<u>\$ 436,859,147</u>	<u>\$ 422,671,596</u>

For more detailed information on the operations of governmental and business-type activities, please refer to the Statement of Activities, found on pages 3 - 4.

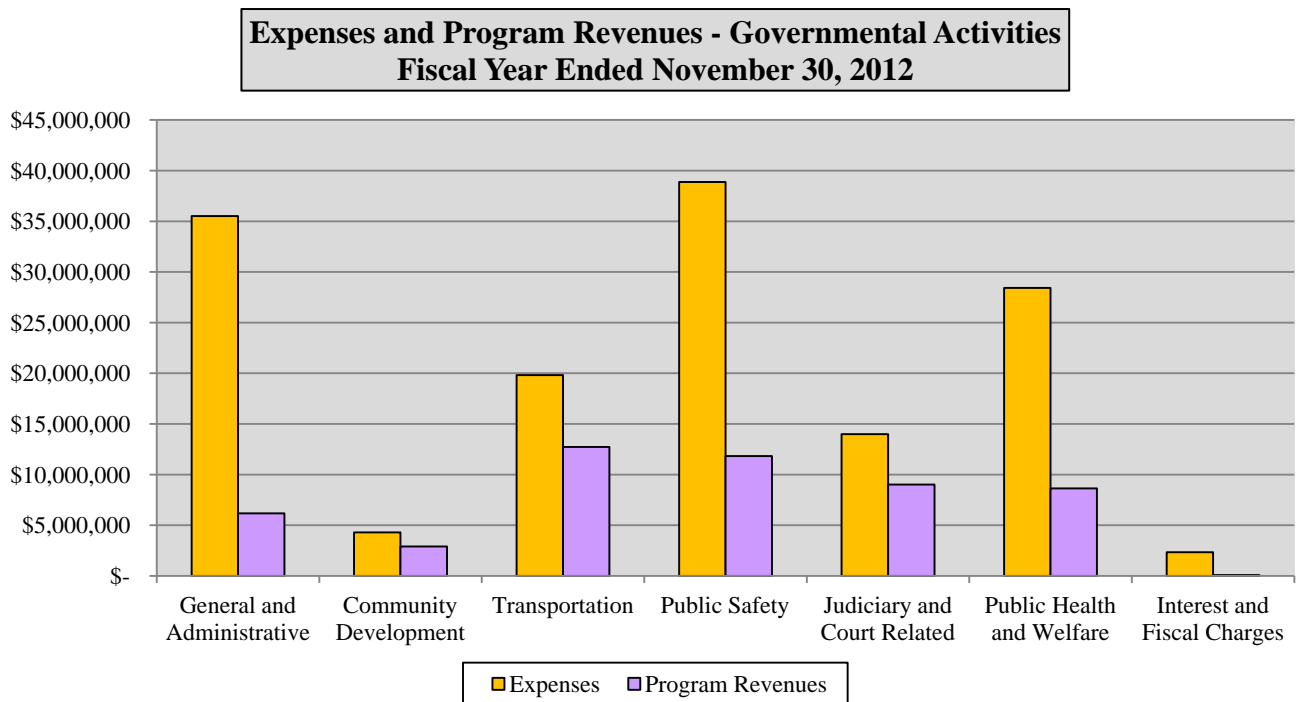
Governmental Activities

Net assets for governmental activities increased by \$8.2 million during fiscal year 2012. In total, revenues decreased \$2.1 million or 1.4%, from \$153.5 million for fiscal year 2011 to \$151.4 million for fiscal year 2012. Noteworthy changes related to revenues were as follows: 1) Charges for services decreased by \$2.1 million or 6.8%, 2) Operating grants and contributions decreased by \$2.8 million or 11.1%, and 3) State income taxes increased by \$0.6 million or 11.8%. The reasons for these noteworthy changes are as follows:

County of McHenry, Illinois
 Management's Discussion and Analysis (MD&A) (Unaudited)
 For the Year Ended November 30, 2012

- Charges for services decreased from \$30.7 million for fiscal year 2011 to \$28.6 million for fiscal year 2012; a decrease of \$2.1 million or 6.8%. Under the charges for services category, one item was responsible for most of the overall decrease in the category. Jail space rental decreased from \$11.4 million for fiscal year 2011 to \$9.6 million for fiscal year 2012; a decrease of \$1.8 million or 15.8%. The decrease is due to fluctuation in the number of federal detainees that the County housed for the US Immigration and Customs Enforcement.
- Operating grants and contributions decreased from \$25.3 million for fiscal year 2011 to \$22.5 million for fiscal year 2012; a decrease of \$2.8 million or 11.1%. One significant reason for the decrease is the winding down and closeout of grant programs received through the American Recovery and Reinvestment Act (ARRA). ARRA grants included the Energy Efficiency and Conservation Block Grant (EECBG) and the Homelessness Prevention and Rapid Re-housing Program (HPRP). All of the County's ARRA grant programs have been closed out as of November 30, 2012.
- State income taxes increased from \$5.1 million for fiscal year 2011 to \$5.7 million for fiscal year 2012; an increase of \$0.6 million or 11.8%. A key factor that influences state income taxes is the local unemployment rate. The unemployment rate for the County averaged 8.4% in fiscal year 2012, compared to 9.4% in fiscal year 2011. The improvement in the unemployment rate means more residents of the County had earned income, which was then subject to state income taxes.

The following chart depicts the expenses and related program revenues by function for the County's governmental activities for the fiscal year ended November 30, 2012:

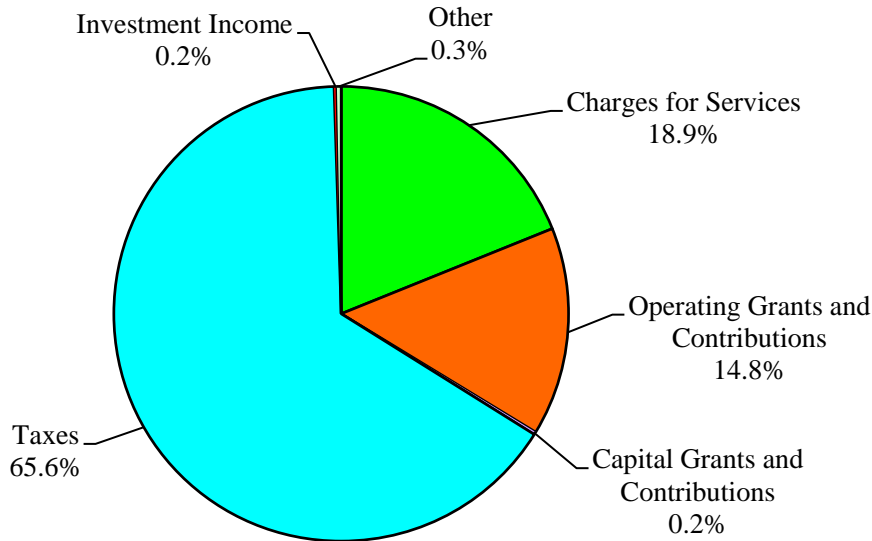


See analysis of governmental activities expenses on page XI.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

The following chart reflects revenues by source for governmental activities for the fiscal year ended November 30, 2012:

Revenues by Source - Governmental Activities
Fiscal Year Ended November 30, 2012



As previously mentioned, revenues from governmental activities totaled \$151.4 million for the fiscal year ended November 30, 2012. Taxes (\$99.3 million, or 65.6%) represent the largest revenue source. Property taxes and sales taxes represent the two largest sources of tax revenues. Property taxes totaled \$72.2 million or 72.7% of taxes and sales taxes totaled \$18.0 million or 18.1% of taxes, for a combined total of \$90.2 million or 90.8% of taxes. Other tax revenues include state income taxes, tax transfer stamps, and local use taxes.

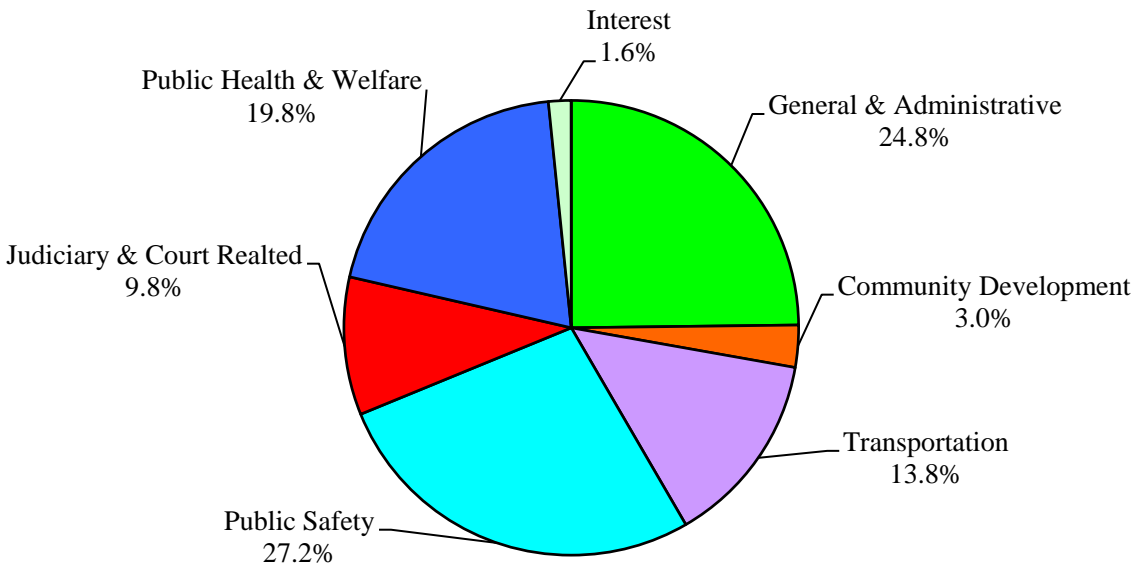
Charges for services (\$28.6 million, or 18.9%) represents the second largest revenue source. Charges for services are derived mainly from recording fees, jail space rental, Circuit Clerk fees, penalties on delinquent taxes, cable franchise fees, court security fees, sale of animal control tags, and various fees collected for automation and document storage within the Recorder's Office and the Clerk of the Circuit Court Office.

Operating grants and contributions (\$22.5 million, or 14.8%) represents the third largest revenue source. Operating grants and contributions consist of grants obtained by the following departments: Health Department, Mental Health Department, Workforce Network, Planning and Development, Facilities Management, and the Sheriff's Office. In addition, the Motor Fuel Tax Fund and County Option Motor Fuel Tax Fund receive fees imposed on gasoline purchases to be used for highway maintenance and improvements.

County of McHenry, Illinois
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The following chart reflects expenses by function for governmental activities for the fiscal year ended November 30, 2012:

Expenses by Function - Governmental Activities
Fiscal Year Ended November 30, 2012



The largest component of governmental activities expenses is public safety, which totaled \$38.9 million, or 27.2% of total governmental activities expenses. Expenses in this category include the operations of the Sheriff, Coroner, and Emergency Management offices. The Sheriff's Office represents the largest component of public safety and activities performed include patrol, detectives, narcotics, County jail, and County garage.

The second largest component of governmental activities expenses is general and administrative, which totaled \$35.5 million, or 24.8% of total governmental activities expenses. Expenses in this category include the following activities: County Board and administration, finance, accounting, treasury, purchasing, human resources, information technology, facility operations, elections, vital records, document recording and retrieval, assessments of real estate, and monitoring and administration of schools throughout the County.

The third largest component of governmental activities expenses is public health and welfare, which totaled \$28.4 million, or 19.8% of total governmental activities expenses. The Health Department and the Mental Health Department represent the largest components of the public health and welfare activity. Also included in this activity are the operations of the Workforce Network and Veteran's Assistance.

The fourth largest component of governmental activities expenses is transportation, which totaled \$19.8 million, or 13.8% of total governmental activities expenses. All transportation expenses represent the operations of the Division of Transportation.

The fifth largest component of governmental activities expenses is judiciary and court related, which totaled \$14.0 million, or 9.8% of total governmental activities expenses. Expenses for this activity include the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney.

County of McHenry, Illinois
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For the Year Ended November 30, 2012

The sixth largest component of governmental activities expenses is community development, which totaled \$4.3 million, or 3.0% of total governmental activities expenses. Expenses in this category totaled \$4.8 million for fiscal year 2011; a decrease of \$0.5 million or 10.4%. A decrease in ARRA funding is the primary reason for the decrease in expenses in this category. All community development expenses represent the operations of the Planning and Development Department.

The smallest component of governmental activities expenses is interest, which totaled \$2.3 million, or 1.6% of total governmental activities expenses. Interest represents payments on long-term obligations, including debt certificates and capital leases. See page XV for further discussion of long-term obligations.

Business-type Activities

For the fiscal year ended November 30, 2012, net assets for business-type activities increased by \$6.0 million, from \$42.4 million at November 30, 2011 to \$48.4 million at November 30, 2012. Total revenues for business-type activities increased from \$18.5 million for fiscal year 2011 to \$19.0 million for fiscal year 2012; an increase of \$0.5 million or 2.7%. The increase in total revenue is primarily due to an increase in Medicare and Medicaid payments received by the Valley Hi Nursing Home. Total expenses for business-type activities increased from \$12.3 million for fiscal year 2011 to \$13.0 million for fiscal year 2012; an increase of \$0.7 million or 5.7%. Some of the key reasons for the increase in expenses include a new bed tax from the State of Illinois that totaled \$0.4 million and an increase in therapy services for nursing home residents for \$0.2 million.

For more detailed information, please refer to the Statement of Activities on pages 3 – 4.

MAJOR FUNDS FINANCIAL ANALYSIS

Governmental Funds

The General Fund is the primary operating fund of the County. The fund experienced a decrease in fund balance of \$0.7 million for fiscal year 2012. Total revenues decreased \$2.2 million or 2.6%, from \$84.7 million for fiscal year 2011 to \$82.5 million for fiscal year 2012. The revenue category that experienced the largest decrease was charges for services, which decreased from \$24.4 million for fiscal year 2011 to \$22.0 million for fiscal year 2012; a decrease of \$2.4 million or 9.8%. Under the charges for services category, one item was responsible for most of the overall decrease in the category. Jail space rental decreased from \$11.4 million for fiscal year 2011 to \$9.6 million for fiscal year 2012; a decrease of \$1.8 million or 15.8%. The decrease is due to fluctuation in the number of federal detainees that the County housed for the US Immigration and Customs Enforcement. The revenue category that experienced the largest increase is property taxes, which increased \$1.0 million or 2.8%, from \$35.7 million for fiscal year 2011 to \$36.7 million for fiscal year 2012. The increase in property taxes is due to an increase in the amount of the County's property tax levy. The general fund property tax levy increased from \$36.3 million for fiscal year 2011 to \$37.0 million for fiscal year 2012, an increase of \$0.7 million or 1.9%. A small portion of property tax revenue represents collections from prior year levies, but most collections are for the current year levy. In 2012, the County experienced a collection rate of 99.8% of the current year levy.

Total General Fund expenditures decreased \$2.0 million or 2.5%, from \$80.4 million for fiscal year 2011 to \$78.4 million for fiscal year 2012. The overall decrease in expenditures is mainly due to a decrease in capital outlay expenditures, which decreased \$2.8 million or 65.1%, from \$4.3 million for fiscal year 2011 to \$1.5 million for fiscal year 2012. The decrease in capital outlay is due to a few significant purchases in 2011, including three new capital leases for computer equipment totaling \$2.9 million and new vehicle purchases totaling \$0.4 million. For additional information, see the general fund budgetary variances section below.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

The County Mental Health Fund accounts for expenditures for administering approved mental health programs. The fund experienced a decrease in fund balance of \$0.7 million for fiscal year 2012. Total revenues increased \$0.3 million or 2.3%, from \$13.0 million for fiscal year 2011 to \$13.3 million for fiscal year 2012. Total expenditures increased \$2.2 million or 20.4%, from \$10.8 million for fiscal year 2011 to \$13.0 million for fiscal year 2012. The fund also provides transfers to other funds, which gives financial support to other mental health programs, which are primarily supported by grants. Total expenditures and transfers out vary based on the level of support needed by grant-funded programs and the timing of cash receipts from grantors. Significant expenditures in fiscal year 2012 include an increase to the allowance for doubtful account for \$1.5 million, to account for cash advance loans to local agencies that may be not collectable.

Proprietary Funds

The Valley Hi Fund accounts for the activities of the Valley Hi nursing home. The fund experienced an increase in net assets of \$5.9 million for fiscal year 2012. However, when considering only the operating revenues and expenses of the fund, the fund experience an operating loss of \$115,437 for fiscal year 2012, compared to operating income of \$0.7 million for fiscal year 2011. The biggest reason for the overall increase in net assets is nonoperating revenues, specifically property taxes. Property tax revenue was \$6.0 million for fiscal year 2012. Voters approved a referendum in 2002 authorizing the Valley Hi fund to levy property taxes. Also in fiscal year 2012, the County repaid in full the outstanding balance of the Valley Hi Series 2003B debt certificates in the amount of \$8,915,000. The debt certificates were to be repaid in annual installments through January 2022. By repaying the balance in full, the County will avoid interest payments over the next 10 years of approximately \$2.0 million.

GENERAL FUND BUDGETARY VARIANCES

Revenue Budget: The revenue budget for the general fund was increased by \$0.3 million during fiscal year 2012, through budget amendments approved by the County Board, from the original budget of \$84.0 million to the final budget of \$84.3 million. One category is responsible for virtually the entire increase; grants, contributions, and intergovernmental. The budgeted revenue in this category was amended when County departments received grant awards that were not included in the original budget, including the Health Department, which received additional grant funding of \$0.1 million, and the Sheriff's Office, which received additional grant funding of \$0.1 million.

Appropriation Budget: The appropriation budget for expenditures for the general fund was increased by \$3.8 million during fiscal year 2012, through emergency appropriations approved by the County Board, from the original budget of \$81.4 million to the final budget of \$85.2 million. The most significant increase to the appropriation budget was for capital outlay, which increased \$2.7 million or 337.5%, from the original budget of \$0.8 million to the final budget of \$3.5 million. Individual increases within the capital outlay budget include \$0.4 million for new software programs to be developed for the Planning and Development Office and \$2.1 million for open encumbrances that rolled from fiscal year 2011 into fiscal year 2012. Other increases to the appropriation budget include expenditures for the additional grant funding described above, in the amount of \$0.1 million for the Health Department and \$0.1 million in the Sheriff's Office.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Budget to Actual – Revenue: Total revenues for the general fund were \$82.5 million, while the final budget totaled \$84.3 million, which is a variance of \$1.8 million. One significant revenue source that had budgeted revenues in excess of actual revenue was charges for services. Budgeted revenues for charges for services was \$24.4 million, compared to actual revenues of \$22.0 million, which is a variance of \$2.4 million. As previously noted, the decrease in this category is mainly due to jail space rental, which decreased from \$11.4 million for fiscal year 2011 to \$9.6 million for fiscal year 2012; a decrease of \$1.8 million or 15.8%. The decrease is due to fluctuation in the number of federal detainees that the County housed for the US Immigration and Customs Enforcement. One revenue source that had actual revenue in excess of budgeted revenues was sales taxes. Actual revenues for sales taxes of \$9.1 million exceeded the budgeted revenues of \$8.5 million, which is a variance of \$0.6 million. As previously noted, the unemployment rate improved from 9.4% in 2011 to 8.4% in 2012, which helped to create higher than anticipated sales taxes.

Budget to Actual – Expenditures: Actual expenditures for the general fund totaled \$78.4 million, while the final budget totaled \$85.2 million, which is a variance of \$6.8 million. The activity that had the largest variance was general and administrative, which had expenditures of \$26.4 million, compared to a final budget of \$29.0 million, which is a variance of \$2.6 million. Significant factors related to this variance include \$0.3 million in leftover contingency budget, which is designed to provide the County with sufficient budget to cover unforeseen events and circumstances. Another variance was for health insurance premiums for general fund employees, for which actual expenditures were \$10.7 million, while the final budgeted amount was \$11.6 million, which is a variance of \$0.9 million. Because the County is self-insured for health insurance claims, the budget is based on an estimate of prior years' experiences, but actual expenditures in any given year can vary based the actual volume and types of claims filed. Another significant variance was for open positions and other related personnel budget, for which there was \$0.6 million in unspent budget. Finally, actual expenditures for electricity and natural gas were \$0.9 million, compared to the final budget of \$1.3 million, which is a variance of \$0.4 million. The variance was due to a mild winter and lower than anticipated energy costs.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets – As of November 30, 2012, capital assets, net of accumulated depreciation/amortization, totaled \$287.9 million for governmental activities and \$15.5 million for business-type activities, for a total of \$303.4 million for the County.

Capital Assets
(net of accumulated depreciation/amortization)
November 30, 2012

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 60,573,064	\$ 59,955,376	\$ 6,000	\$ 6,000	\$ 60,579,064	\$ 59,961,376
Construction in Progress	42,960,094	34,934,368	-	-	42,960,094	34,934,368
Buildings and Improvements	64,580,915	62,152,625	11,397,646	11,752,868	75,978,561	73,905,493
Land Improvements	175,571	-	219,758	234,907	395,329	234,907
Furniture and Fixtures	840,243	770,994	196,927	245,746	1,037,170	1,016,740
Machinery and Equipment	13,582,028	15,241,267	803,939	1,062,485	14,385,967	16,303,752
Computer Software	3,572,465	3,785,684	2,926,274	3,335,930	6,498,739	7,121,614
Transportation Equipment	1,057,413	1,010,920	12,267	20,165	1,069,680	1,031,085
Infrastructure	100,533,677	103,897,647	-	-	100,533,677	103,897,647
Total capital assets	\$ 287,875,470	\$ 281,748,881	\$ 15,562,811	\$ 16,658,101	\$ 303,438,281	\$ 298,406,982

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Capital assets, net of accumulated depreciation/amortization, for governmental activities increased from \$281.7 million at November 30, 2011 to \$287.9 million at November 30, 2012; a net increase of \$6.2 million, or 2.2%. Capital asset additions totaled \$15.9 million and depreciation/amortization expense was \$9.7 million. Significant additions include \$11.9 million for road and bridge construction projects, of which \$6.9 million was for Rakow Road, \$1.4 million was for Walkup Road, \$0.9 million was for Virginia Rd, and \$0.8 million was for Miller Road. Other significant additions include \$0.7 million for a software project for the Public Defender and State's Attorney, \$0.6 million for right of way acquisitions, \$0.6 million for vehicles, and \$0.4 million for computer equipment. During fiscal year 2012, various projects were placed in service and taken out of construction in progress. Projects placed in service included \$4.4 million for the Mental Health facility expansion and \$1.0 million for a courtroom remodeling project.

Capital assets, net of accumulated depreciation/amortization, for business-type activities decreased from \$16.7 million at November 30, 2011 to \$15.5 million at November 30, 2012; a net decrease of \$1.2 million, or 7.2%. Capital asset additions totaled \$10,415 and depreciation/amortization expense was \$1.1 million. There were no significant capital asset addition during fiscal year 2012.

For more detailed information on the County's capital assets, see Note 5 of the Notes to Financial Statements on pages 31 – 33.

Long-term Obligations – As of November 30, 2012, Long-term obligations (excluding compensated absences, deferred debt certificate issuance premiums, claims and judgments, and other post-employment benefit obligation) totaled \$57.1 million for governmental activities and \$43,981 for business-type activities, for a total of \$57.2 million.

Long-term Obligations
November 30, 2012

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Capital Leases	\$ 1,927,676	\$ 2,607,332	\$ 43,981	\$ 57,613	\$ 1,971,657	\$ 2,664,945
Debt Certificates	55,180,000	63,540,000	-	8,915,000	55,180,000	72,455,000
Total long-term obligations	\$ 57,107,676	\$ 66,147,332	\$ 43,981	\$ 8,972,613	\$ 57,151,657	\$ 75,119,945

Current year issuances for governmental activities were as follows: Two new capital leases in the amount of \$0.3 million were issued for the acquisition of computer equipment. Two new debt certificate issuances were completed for the purpose of refunding prior debt issuances at a lower interest rate. Overall, the refundings will reduce total debt service payments over the next 9 years by approximately \$331,000 and resulted in an economic gain of approximately \$272,000.

Current year issuance for business-type activities was as follows: There were no issuances for business-type activity during fiscal year 2012. However, the County did repay in full the outstanding balance of the Valley Hi Series 2003B debt certificates in the amount of \$8,915,000, using existing resources. The debt certificates were to be repaid in annual installments through January 2022. By repaying the balance in full, the County will avoid interest payments over the next 10 years of approximately \$2.0 million.

County of McHenry, Illinois
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Year Ended November 30, 2012

Per state statute, the County is limited to issuing debt in an amount not to exceed 2.875% of the assessed value of the taxable property within the County. However, this limitation does not apply to debt issued for the purpose of building a County court house, jail, or other necessary County buildings and for the accommodation thereof. (50 ILCS 405 - Local Government Debt Limitation Act). As of November 30, 2012, the County's debt limit was \$254.2 million, while actual outstanding debt subject to the limit was \$30.4 million, leaving the County \$223.8 million under the debt limit.

The County's most recent bond rating by Moody's Investors Service was graded AAA. This highest level rating reduces the cost of raising capital for County projects, resulting in substantial savings for taxpayers.

For more detailed information on the County's long-term obligations, see Note 6 of the Notes to Financial Statements on pages 34 – 44.

ECONOMIC FACTORS

The major fund financial analysis and the government-wide financial analysis presented earlier in MD&A provide valuable insights into whether the County's near-term and overall financial position has improved or deteriorated. However, there is an even broader context that is necessary for a comprehensive evaluation of the County's financial health. Because the County doesn't exist in a vacuum, many different economic conditions and circumstances will ultimately affect the County's future financial position. Considering major economic factors can provide context for interpreting current financial information, as well as provide a basis for assessing the likelihood that the County's current financial position will improve or deteriorate in the future.

One key factor that affects the County's operating results is population growth. The County's population has increased steadily from 183,241 in 1990, to 260,077 in 2000, and to 308,145 in 2012. A growing population requires the County to expand its operations, in order to provide essential services to the citizens of the County. Accordingly, the number of County full-time equivalent employees has increased steadily as well, from 965 in 2003 to 1,233 in 2012.

For more detailed statistical information, see the statistical section on pages 162 – 185.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of McHenry, Illinois, Auditor's Office, 2200 North Seminary Avenue, Woodstock, Illinois, 60098. This report can also be found on the County website at: <http://www.co.mchenry.il.us/departments/auditor/Pages/annualRpts.aspx>

BASIC FINANCIAL STATEMENTS

County of McHenry, Illinois

STATEMENT OF NET ASSETS

November 30, 2012

(With Comparative Totals - Primary Government for November 30, 2011)

	Primary Government				Component Unit
	Governmental Activities	Business- Type Activities	Totals		
			2012	2011	
ASSETS					
Current					
Cash and equivalents	\$ 167,472,726	\$ 32,164,943	\$ 199,637,669	\$ 201,484,188	\$ 17,777,721
Cash restricted	-	-	-	845,117	-
Receivables					
Property taxes	73,330,000	5,250,000	78,580,000	78,809,995	19,124,720
Accounts	-	2,674,828	2,674,828	3,915,788	-
Other	1,650,725	657,632	2,308,357	2,804,258	18,903
Due from other governments	14,512,407	-	14,512,407	16,623,748	48,713
Internal balances	1,491,066	(1,491,066)	-	-	-
Prepaid expenses	-	157,687	157,687	150,078	-
Inventory	645,586	-	645,586	758,578	-
Total current assets	259,102,510	39,414,024	298,516,534	305,391,750	36,970,057
Noncurrent					
Capital Assets					
Land	60,573,064	6,000	60,579,064	59,961,376	203,957,860
Construction in progress	42,960,094	-	42,960,094	34,934,368	2,913,539
Capital assets, net of depreciation/amortization	184,342,312	15,556,811	199,899,123	203,511,238	23,527,120
Net Capital Assets	287,875,470	15,562,811	303,438,281	298,406,982	230,398,519
Deferred charges	262,559	-	262,559	504,271	824,761
Total noncurrent assets	288,138,029	15,562,811	303,700,840	298,911,253	231,223,280
Total Assets	547,240,539	54,976,835	602,217,374	604,303,003	268,193,337

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Totals		
			2012	2011	
LIABILITIES					
Current					
Accounts payable	\$ 7,916,507	\$ 391,456	\$ 8,307,963	\$ 8,660,669	\$ 280,291
Accrued expenses	4,932,156	239,651	5,171,807	4,621,304	1,632,478
Unearned revenue	73,465,413	5,250,000	78,715,413	79,230,352	19,132,220
Other liabilities	912,446	295,268	1,207,714	710,282	-
Current portion of long-term obligations	<u>14,809,492</u>	<u>77,786</u>	<u>14,887,278</u>	<u>15,016,977</u>	<u>5,188,768</u>
Total current liabilities	102,036,014	6,254,161	108,290,175	108,239,584	26,233,757
Noncurrent					
Noncurrent portion of long-term obligations	<u>56,735,382</u>	<u>332,670</u>	<u>57,068,052</u>	<u>73,391,823</u>	<u>139,986,478</u>
Total Liabilities	<u>158,771,396</u>	<u>6,586,831</u>	<u>165,358,227</u>	<u>181,631,407</u>	<u>166,220,235</u>
NET ASSETS					
Invested in capital assets, net of related debt	238,349,986	15,518,830	253,868,816	231,378,936	85,900,708
Restricted for					
Recorder's Office	1,745,215	-	1,745,215	1,398,209	-
Treasurer's Office	345,329	-	345,329	347,845	-
Liability insurance	14,836,224	-	14,836,224	13,570,453	166,122
Geographic information systems	1,759,098	-	1,759,098	1,589,524	-
Other administrative purposes	80,785	-	80,785	87,062	-
Community development	8,790	-	8,790	43,453	-
Transportation	70,760,281	-	70,760,281	74,468,069	-
Public safety	368,320	-	368,320	355,311	-
Judiciary and court related	2,280,516	-	2,280,516	2,308,435	-
Public health and welfare	15,135,354	-	15,135,354	16,546,732	-
Employee benefits	2,871,154	-	2,871,154	5,174,758	-
Public Building Commission	52,876	-	52,876	64,008	-
Debt service	5,247	-	5,247	707,422	877,934
Land acquisition and site improvement	-	-	-	-	1,409,052
Other	-	-	-	-	15,807
Working cash - permanently restricted	800,661	-	800,661	800,568	-
Unrestricted	<u>39,069,307</u>	<u>32,871,174</u>	<u>71,940,481</u>	<u>73,830,811</u>	<u>13,603,479</u>
Total Net Assets	<u>\$ 388,469,143</u>	<u>\$ 48,390,004</u>	<u>\$ 436,859,147</u>	<u>\$ 422,671,596</u>	<u>\$ 101,973,102</u>

See accompanying notes to financial statements.

County of McHenry, Illinois

STATEMENT OF ACTIVITIES

For the Year Ended November 30, 2012

(With Comparative Totals - Primary Government for the Year Ended November 30, 2011)

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General and administrative	\$ 35,519,392	\$ 6,005,617	\$ 166,320	\$ -
Community development	4,286,876	428,441	2,480,179	-
Transportation	19,818,851	95,369	12,630,022	-
Public safety	38,884,186	11,381,987	254,932	182,023
Judiciary and court related	13,996,893	8,839,484	172,149	-
Public health and welfare	28,423,928	1,884,605	6,747,086	-
Interest and fiscal charges	2,336,518	-	-	73,684
Total Governmental Activities	<u>143,266,644</u>	<u>28,635,503</u>	<u>22,450,688</u>	<u>255,707</u>
Business-Type Activities				
Public health and welfare	10,380,394	10,235,827	-	-
Public safety	2,580,677	2,736,436	-	-
Total Business-Type Activities	<u>12,961,071</u>	<u>12,972,263</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 156,227,715</u>	<u>\$ 41,607,766</u>	<u>\$ 22,450,688</u>	<u>\$ 255,707</u>
Component Unit				
Conservation District	\$ 17,098,059	\$ 2,533,472	\$ 1,077	\$ 867,954
General Revenues				
Taxes				
Property taxes				
Sales taxes				
Tax transfer stamps				
Other taxes				
Unrestricted intergovernmental revenues				
State income taxes				
Investment income				
Miscellaneous				
Gain on sale of capital assets				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning of Year				
Net Assets - End of Year				

See accompanying notes to financial statements.

Net (Expenses) Revenues and
Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Totals		Component Unit
		2012	2011	
\$ (29,347,455)	\$ -	\$ (29,347,455)	\$ (25,359,274)	\$ -
(1,378,256)	-	(1,378,256)	(1,169,738)	-
(7,093,460)	-	(7,093,460)	(5,536,954)	-
(27,065,244)	-	(27,065,244)	(24,507,981)	-
(4,985,260)	-	(4,985,260)	(4,609,821)	-
(19,792,237)	-	(19,792,237)	(17,796,354)	-
<u>(2,262,834)</u>	<u>-</u>	<u>(2,262,834)</u>	<u>(2,726,775)</u>	<u>-</u>
<u>(91,924,746)</u>	<u>-</u>	<u>(91,924,746)</u>	<u>(81,706,897)</u>	<u>-</u>
-	(144,567)	(144,567)	452,607	-
<u>-</u>	<u>155,759</u>	<u>155,759</u>	<u>(208,147)</u>	<u>-</u>
<u>-</u>	<u>11,192</u>	<u>11,192</u>	<u>244,460</u>	<u>-</u>
<u>(91,924,746)</u>	<u>11,192</u>	<u>(91,913,554)</u>	<u>(81,462,437)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,695,556)</u>
72,206,475	5,950,311	78,156,786	76,667,965	18,920,946
18,036,621	-	18,036,621	17,481,700	-
1,258,599	-	1,258,599	1,123,002	-
2,006,647	-	2,006,647	1,955,665	172,361
5,749,691	-	5,749,691	5,139,609	-
309,709	72,908	382,617	437,939	57,707
469,454	-	469,454	675,704	47,028
<u>40,690</u>	<u>-</u>	<u>40,690</u>	<u>-</u>	<u>35,635</u>
<u>100,077,886</u>	<u>6,023,219</u>	<u>106,101,105</u>	<u>103,481,584</u>	<u>19,233,677</u>
8,153,140	6,034,411	14,187,551	22,019,147	5,538,121
<u>380,316,003</u>	<u>42,355,593</u>	<u>422,671,596</u>	<u>400,652,449</u>	<u>96,434,981</u>
<u>\$ 388,469,143</u>	<u>\$ 48,390,004</u>	<u>\$ 436,859,147</u>	<u>\$ 422,671,596</u>	<u>\$ 101,973,102</u>

County of McHenry, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2012

	General Fund	County Mental Health Fund	Total Nonmajor Governmental Funds	Totals
ASSETS				
Cash and equivalents	\$ 52,125,692	\$ 8,024,995	\$ 102,617,340	\$ 162,768,027
Property taxes receivable	37,880,000	11,875,000	23,575,000	73,330,000
Other receivables	256,516	228,303	1,165,906	1,650,725
Due from other governments	7,021,795	204,795	7,285,817	14,512,407
Due from other funds	16,970	393,962	1,186,875	1,597,807
Inventory	97,678	9,926	537,982	645,586
Advance to other funds	881,454	-	-	881,454
	<u>881,454</u>	<u>-</u>	<u>-</u>	<u>881,454</u>
Total Assets	<u>\$ 98,280,105</u>	<u>\$ 20,736,981</u>	<u>\$ 136,368,920</u>	<u>\$ 255,386,006</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,530,672	\$ 1,211,486	\$ 5,173,371	\$ 7,915,529
Accrued payroll	2,237,609	66,449	1,732,152	4,036,210
Deferred revenues	39,461,370	12,338,490	26,166,473	77,966,333
Due to other funds	913,788	29,291	1,595,927	2,539,006
Advance from other funds	-	-	881,454	881,454
Other liabilities	912,446	-	-	912,446
	<u>912,446</u>	<u>-</u>	<u>-</u>	<u>912,446</u>
Total Liabilities	<u>45,055,885</u>	<u>13,645,716</u>	<u>35,549,377</u>	<u>94,250,978</u>
Fund Balances (deficit)				
Nonspendable	979,132	9,926	1,338,643	2,327,701
Restricted	366,748	7,081,339	98,201,633	105,649,720
Committed	-	-	1,883,704	1,883,704
Assigned	3,832,006	-	-	3,832,006
Unassigned	48,046,334	-	(604,437)	47,441,897
	<u>48,046,334</u>	<u>-</u>	<u>(604,437)</u>	<u>47,441,897</u>
Total Fund Balances	<u>53,224,220</u>	<u>7,091,265</u>	<u>100,819,543</u>	<u>161,135,028</u>
Total Liabilities and Fund Balances	<u>\$ 98,280,105</u>	<u>\$ 20,736,981</u>	<u>\$ 136,368,920</u>	<u>\$ 255,386,006</u>

See accompanying notes to financial statements.

County of McHenry, Illinois
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
November 30, 2012

Total Fund Balances - Governmental Funds	\$ 161,135,028
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the governmental funds.	287,875,470
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the governmental funds.	4,500,920
Issuance costs, premiums, and discounts associated with the issuance of long-term debt represent expenditures or other financing sources (uses) in governmental funds in the year that the debt is issued. In the Statement of Net Assets, these costs are deferred and amortized over the life of the debt. This is the amount of unamortized issuance costs, premiums, and discounts included in governmental activities in the Statement of Net Assets.	(308,015)
Internal service funds are used by management to charge insurance costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.	4,837,837
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
Accrued interest	(895,946)
Compensated absences	(4,676,182)
Capital leases	(1,927,676)
Debt certificates	(55,180,000)
Claims and judgments - all other claims	(2,927,003)
Other post-employment benefit obligation	<u>(3,965,290)</u>
Total Net Assets - Governmental Activities	<u>\$ 388,469,143</u>

See accompanying notes to financial statements.

County of McHenry, Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended November 30, 2012

	General Fund	County Mental Health Fund	Total Nonmajor Governmental Funds	Totals
REVENUES				
Charges for services	\$ 21,953,437	\$ -	\$ 4,718,062	\$ 26,671,499
Licenses and permits	962,504	-	95,128	1,057,632
Fines and forfeitures	1,074,477	-	21,128	1,095,605
Grants, contributions, and intergovernmental	3,549,859	565,711	19,182,085	23,297,655
Property taxes	36,698,207	12,674,139	22,834,129	72,206,475
Sales taxes	9,051,897	-	8,984,724	18,036,621
State income taxes	5,749,691	-	-	5,749,691
Tax transfer stamps	1,258,599	-	-	1,258,599
Other taxes	1,895,305	-	111,342	2,006,647
Investment income	104,504	8,310	192,264	305,078
Miscellaneous	222,635	29,776	257,733	510,144
Total Revenues	82,521,115	13,277,936	56,396,595	152,195,646
EXPENDITURES				
Current				
General and administrative	26,421,403	-	5,482,845	31,904,248
Community development	1,479,655	-	2,755,327	4,234,982
Transportation	-	-	18,672,852	18,672,852
Public safety	32,083,744	-	4,958,026	37,041,770
Judiciary and court related	9,669,625	-	4,165,712	13,835,337
Public health and welfare	6,317,957	12,823,098	9,135,542	28,276,597
Capital outlay	1,494,851	159,141	10,582,743	12,236,735
Debt service				
Principal retirement	894,976	-	12,836,743	13,731,719
Interest and fiscal charges	71,470	-	2,473,669	2,545,139
Total Expenditures	78,433,681	12,982,239	71,063,459	162,479,379
Excess (deficiency) of revenues over expenditures	4,087,434	295,697	(14,666,864)	(10,283,733)
OTHER FINANCING SOURCES (USES)				
Transfers in	22,605	68,215	24,324,427	24,415,247
Transfers out	(4,897,935)	(1,042,788)	(18,474,524)	(24,415,247)
Refunding debt certificates issued	-	-	5,465,000	5,465,000
Premium on debt issuance	-	-	166,455	166,455
Payment to bond escrow agent	-	-	(1,073,000)	(1,073,000)
Capital leases issued	116,726	-	145,337	262,063
Total Other Financing Sources (Uses)	(4,758,604)	(974,573)	10,553,695	4,820,518
Net Change in Fund Balances	(671,170)	(678,876)	(4,113,169)	(5,463,215)
Fund Balance - Beginning of Year	53,895,390	7,770,141	104,932,712	166,598,243
Fund Balance - End of Year	\$ 53,224,220	\$ 7,091,265	\$ 100,819,543	\$ 161,135,028

See accompanying notes to financial statements.

County of McHenry, Illinois
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
For the Year Ended November 30, 2012

Net Change in Fund Balances - Governmental Funds \$ (5,463,215)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements.	12,236,735
Some items reported as capital outlay are not capitalized in the government-wide financial statements.	(2,238,983)
Some items that are capitalized are reported as functional expenses in the fund financial statements.	5,694,832
Some items that are capitalized represent contributed assets.	182,023
Depreciation/amortization are reported in the government-wide financial statements.	(9,748,018)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds (or were reported in the prior year), as follows:

Charges for services	(189,233)
Operating grants and contributions	(543,947)
Investment income	(1,480)

Internal service funds are used by management to charge insurance costs to individual funds. 275,068

Repayment of principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets. 14,766,719

Debt issued is an other financing source in the governmental funds, but is recorded as a liability in the Statement of Net Assets. (5,893,518)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (35,788)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(35,484)
Decrease in accrued interest	165,905
Claims and judgments - all other claims	(158,411)
Increase in other post-employment benefit obligation	<u>(860,065)</u>

Change in Net Assets - Governmental Activities \$ 8,153,140

See accompanying notes to financial statements.

County of McHenry, Illinois
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
November 30, 2012

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Fund <u> </u>
ASSETS				
Current Assets				
Cash and equivalents	\$ 29,214,026	\$ 2,950,917	\$ 32,164,943	\$ 4,704,699
Property taxes receivable	5,250,000	-	5,250,000	-
Accounts receivable	2,674,828	-	2,674,828	-
Other receivables	31,824	625,808	657,632	-
Due from other funds	-	-	-	1,175,721
Prepaid expenses	-	157,687	157,687	-
	<u>37,170,678</u>	<u>3,734,412</u>	<u>40,905,090</u>	<u>5,880,420</u>
Total Current Assets				
Noncurrent Assets				
Capital Assets				
Land	6,000	-	6,000	-
Buildings and improvements	14,529,570	-	14,529,570	-
Land improvements	302,971	-	302,971	-
Furniture and fixtures	472,332	15,857	488,189	-
Machinery and equipment	406,447	1,994,693	2,401,140	-
Transportation equipment	71,164	37,668	108,832	-
Computer software	38,253	4,390,272	4,428,525	-
Less: accumulated depreciation/ amortization	<u>(3,781,087)</u>	<u>(2,921,329)</u>	<u>(6,702,416)</u>	<u>-</u>
Net Capital Assets	<u>12,045,650</u>	<u>3,517,161</u>	<u>15,562,811</u>	<u>-</u>
Total Assets	<u>\$ 49,216,328</u>	<u>\$ 7,251,573</u>	<u>\$ 56,467,901</u>	<u>\$ 5,880,420</u>

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Fund <u>Fund</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 296,735	\$ 94,721	\$ 391,456	\$ 978
Accrued payroll	228,577	11,074	239,651	-
Unearned revenue	5,250,000	-	5,250,000	-
Due to other funds	229,765	4,757	234,522	-
Other liabilities	295,268	-	295,268	-
Compensated absences	56,297	7,442	63,739	-
Claims and judgments	-	-	-	2,298,149
Capital leases payable	14,047	-	14,047	-
	<u>6,370,689</u>	<u>117,994</u>	<u>6,488,683</u>	<u>2,299,127</u>
Total Current Liabilities				
Noncurrent Liabilities				
Compensated absences	112,595	14,884	127,479	-
Capital leases payable	29,934	-	29,934	-
Other post-employment benefit obligation	169,301	5,956	175,257	-
	<u>311,830</u>	<u>20,840</u>	<u>332,670</u>	<u>-</u>
Total Noncurrent Liabilities				
	<u>6,682,519</u>	<u>138,834</u>	<u>6,821,353</u>	<u>2,299,127</u>
Total Liabilities				
NET ASSETS				
Invested in capital assets, net of related debt	12,001,669	3,517,161	15,518,830	-
Unrestricted	30,532,140	3,595,578	34,127,718	3,581,293
	<u>42,533,809</u>	<u>7,112,739</u>	49,646,548	<u>3,581,293</u>
Total Net Assets				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(1,256,544)</u>	
Net Assets of Business-Type Activities			<u>\$ 48,390,004</u>	

See accompanying notes to financial statements.

County of McHenry, Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended November 30, 2012

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 10,228,394	\$ 2,736,376	\$ 12,964,770	\$ 17,764,570
Other	<u>7,433</u>	<u>60</u>	<u>7,493</u>	<u>-</u>
Total Operating Revenues	<u>10,235,827</u>	<u>2,736,436</u>	<u>12,972,263</u>	<u>17,764,570</u>
OPERATING EXPENSES				
Personnel services	6,875,754	348,723	7,224,477	-
Contractual services	1,897,138	1,508,592	3,405,730	17,537,217
Commodities	983,690	88,012	1,071,702	1,254
Depreciation	469,474	226,575	696,049	-
Amortization	<u>125,208</u>	<u>409,656</u>	<u>534,864</u>	<u>-</u>
Total Operating Expenses	<u>10,351,264</u>	<u>2,581,558</u>	<u>12,932,822</u>	<u>17,538,471</u>
Operating Income (Loss)	<u>(115,437)</u>	<u>154,878</u>	<u>39,441</u>	<u>226,099</u>
NONOPERATING REVENUES (EXPENSES)				
Grants, contributions, and intergovernmental	-	-	-	62,049
Property taxes	5,950,311	-	5,950,311	-
Investment income	68,703	4,205	72,908	6,111
Interest expense	<u>(47,440)</u>	<u>-</u>	<u>(47,440)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>5,971,574</u>	<u>4,205</u>	<u>5,975,779</u>	<u>68,160</u>
Net Change in Net Assets	5,856,137	159,083	6,015,220	294,259
Net Assets - Beginning of Year	<u>36,677,672</u>	<u>6,953,656</u>		<u>3,287,034</u>
Net Assets - End of Year	<u>\$ 42,533,809</u>	<u>\$ 7,112,739</u>		<u>\$ 3,581,293</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>19,191</u>	
Change in Net Assets of Business-Type Activities			<u>\$ 6,034,411</u>	

See accompanying notes to financial statements.

County of McHenry, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended November 30, 2012

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Fund <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 10,969,671	\$ 2,753,011	\$ 13,722,682	\$ 18,908,675
Payments to employees	(6,780,108)	(346,586)	(7,126,694)	-
Payments to third party administrator	-	-	-	(17,154,741)
Payments to suppliers	<u>(2,712,844)</u>	<u>(1,673,736)</u>	<u>(4,386,580)</u>	<u>(63,742)</u>
Net Cash Flows From Operating Activities	<u>1,476,719</u>	<u>732,689</u>	<u>2,209,408</u>	<u>1,690,192</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants received	-	-	-	62,049
Property taxes received	5,950,311	-	5,950,311	-
Interfund payments	<u>(146,686)</u>	<u>(7,812)</u>	<u>(154,498)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>5,803,625</u>	<u>(7,812)</u>	<u>5,795,813</u>	<u>62,049</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(10,415)	-	(10,415)	-
Principal payments - capital leases	(13,632)	-	(13,632)	-
Principal payments - debt certificates	(8,915,000)	-	(8,915,000)	-
Interest paid	<u>(185,135)</u>	<u>-</u>	<u>(185,135)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(9,124,182)</u>	<u>-</u>	<u>(9,124,182)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash receipts from investment income	<u>81,702</u>	<u>4,205</u>	<u>85,907</u>	<u>6,111</u>
Net Cash Flows From Investing Activities	<u>81,702</u>	<u>4,205</u>	<u>85,907</u>	<u>6,111</u>
Net Change in Cash and Equivalents	(1,762,136)	729,082	(1,033,054)	1,758,352
Cash and Equivalents - Beginning of Year	<u>30,976,162</u>	<u>2,221,835</u>	<u>33,197,997</u>	<u>2,946,347</u>
Cash and Equivalents - End of Year	<u>\$ 29,214,026</u>	<u>\$ 2,950,917</u>	<u>\$ 32,164,943</u>	<u>\$ 4,704,699</u>

	Major Enterprise Fund <u>Valley Hi</u>	Nonmajor Enterprise Fund <u>911 Fund</u>	<u>Totals</u>	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (115,437)	\$ 154,878	\$ 39,441	\$ 226,099
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	469,474	226,575	696,049	-
Amortization	125,208	409,656	534,864	-
Change in assets and liabilities				
Accounts receivable	598,577	-	598,577	-
Other receivables	-	16,575	16,575	-
Due from other funds	-	-	-	1,144,105
Prepaid expenses	-	(7,609)	(7,609)	-
Accounts payable	167,984	(69,523)	98,461	(2,025)
Accrued payroll	42,735	1,942	44,677	-
Other liabilities	135,267	-	135,267	-
Compensated absences	14,698	(1,199)	13,499	-
Claims and judgments	-	-	-	322,013
Other post-employment benefit obligation	38,213	1,394	39,607	-
Net Cash Flows From Operating Activities	<u>\$ 1,476,719</u>	<u>\$ 732,689</u>	<u>\$ 2,209,408</u>	<u>\$ 1,690,192</u>

NON-CASH CAPITAL, INVESTING, AND FINANCING ACTIVITIES:

None

See accompanying notes to financial statements.

County of McHenry, Illinois
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
November 30, 2012

ASSETS

Cash and equivalents	\$ 14,939,296
Due from other governments	<u>86,135</u>
Total Assets	<u>\$ 15,025,431</u>

LIABILITIES

Accounts payable	\$ 129,645
Due to residents	54,238
Bond escrow	2,969,111
Due to other governments	10,799,825
Other liabilities	<u>1,072,612</u>
Total Liabilities	<u>\$ 15,025,431</u>

See accompanying notes to financial statements.

County of McHenry, Illinois
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November 30, 2012

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County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the County of McHenry, Illinois (County) conform to accounting principles generally accepted in the United States of America, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of significant accounting policies:

A. Reporting Entity

The reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability exists when:

1. The primary government appoints a voting majority of the component unit's board, and either a) the primary government has the ability to impose its will on the component unit, or b) there exists a financial benefit or burden relationship between the primary government and the component unit; or
2. The component unit is fiscally dependent on the primary government and there exists a financial benefit or burden relationship between the primary government and the component unit.

Legally separate tax-exempt organizations may also be reported as a component unit of a primary government if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition to the criteria described above, the primary government may also consider a legally separate organization to be a component unit if it would otherwise be misleading to exclude the component unit, based on the nature and significance of the component unit's relationship with the primary government.

Following is a description of the organizations that the County considers to be component units, the rationale for including these organizations as component units, and the manner in which the component units are presented in the accompanying financial statements.

Component Unit #1 - McHenry County Public Building Commission - (Blended Component Unit)

The McHenry County Public Building Commission (Commission) is considered to be a component unit of the County because the County Board appoints a voting majority of the Commission's Board and because there exists a financial burden relationship, since the County is legally obligated for the Commission's outstanding debt. The sole purpose of the Commission is to manage the County's building activities. Therefore, the Commission is presented as a blended component unit, which means that the Commission is reported as if it were part of the County. The Commission is presented in the accompanying financial statements as a Special Revenue Fund. The Commission has a fiscal year that ends on November 30, the same as the County. Separately audited financial statements for the Commission may be obtained from the Public Building Commission, 2200 N. Seminary Avenue, Woodstock, Illinois, 60098-2367.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Component Unit #2 - McHenry County Conservation District - (Discretely Presented Component Unit)

The McHenry County Conservation District (District) is considered to be a component unit of the County because the County Board appoints a voting majority of the District's Board and because the County has the ability to impose its will on the District, since the District's annual budget and appropriation ordinance is not considered to be adopted until it is adopted by a resolution of the County Board. The District acquires and maintains land as open space for preservation, education, and recreation within the County. The District is reported as a discretely presented component unit within the accompanying financial statements. The District has a fiscal year that ends on March 31. The latest financial statements as reflected in this report are for the year ended March 31, 2012. Separately audited financial statements may be obtained from the McHenry County Conservation District, 18410 U.S. Highway 14, Woodstock, Illinois, 60098.

Related Organizations

Certain organizations have a voting majority of their board members appointed by the County Board. However, the County is not financially accountable for these organizations because the County does not have the ability to impose its will and because there is no financial benefit or burden relationship. Accordingly, these organizations are not included as part of the financial reporting entity. Such organizations include the following:

Greenwood Drainage District
Hebron Drainage District
McHenry County Housing Authority
Marengo Rescue Squad
Lake in the Hills Sanitary District

Crystal Lake Rural Fire Protection District
Fox River Grove Fire Protection District
Harvard Community Fire Protection District
McHenry Township Fire Protection District

B. Government-Wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the County. Eliminations have been made to minimize the double-counting of internal activities of the County. The financial activities of the County consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the discretely presented component unit.

The Statement of Activities demonstrates the degree to which the direct expenses of each County function (general and administrative, community development, transportation, public safety, judiciary and court related, and public health and welfare) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to the functions in the statement of activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees) and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements: Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund balance, revenues, and expenses/expenditures. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary fund statements. A fund is considered major if it is the primary operating fund of the County or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County administers the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. Services which are administered by various departments and accounted for in the general fund include general and administrative, community development, public safety, judiciary and court related, and public health and welfare.

County Mental Health Fund – This fund accounts for expenditures for administering approved mental health programs. Revenue is primarily from property taxes.

The County administers the following major enterprise fund:

Valley Hi Fund – This fund accounts for the activities of the Valley Hi nursing home.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. The County administers the following internal service fund:

Health Insurance Fund – This fund accounts for employee medical, dental, and prescription insurance premiums and claims.

Fiduciary (agency) funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Significant activities reported in the agency funds include assets held by the County as an agent responsible for collecting property taxes and assets held by the Clerk of the Circuit Court as an agent for the courts.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the discretely presented component unit. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Agency funds also follow the accrual basis of accounting, but do not have a measurement focus.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State shared revenues, and various State, Federal, and local grants. On an accrual basis, revenues from taxes are recognized when the County has a legal claim to the resources. Grants, entitlements, State shared revenues, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. In general, the County considers revenues for this purpose to be available if they are collected within 60 days of the end of the current fiscal year. However, the County also judgmentally uses an extended period of time, mainly due to unusual delays in payments from the State of Illinois, to avoid artificially distorting normal revenue patterns.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures are recorded when the related liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, pension expenditures, and other post employment benefit costs, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The County has elected not to follow private sector standards issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. New Accounting Standards Implemented

The GASB has issued Statement No. 61 - "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34". This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. Additionally, this Statement amends the criteria for reporting component units as if they were part of the primary government (blended) in certain circumstances. The County has implemented this standard effective December 1, 2011. Upon implementation, there were no changes to the organizations that the County previously considered to be component units, nor changes to which component units were reported as blended. For more information, see Note 1-A.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash and Equivalents

For purposes of the statement of cash flows, the County considers, for proprietary funds, all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

G. Inventory

Inventories are valued at cost, using the first-in, first-out method. Inventories are accounted for under the consumption method, whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

H. Capital Assets

Capital assets, which include tangible assets (land, land improvements, roads, bridges, and related infrastructure, buildings and improvements, furniture and fixtures, machinery and equipment, and transportation equipment) and intangible assets (computer software), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$250,000 for infrastructure assets, \$1 for land, \$50,000 for buildings and improvements and computer software, and \$5,000 for other capital assets, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are presented as capital outlay expenditures in the governmental funds.

Assets which are acquired and held for the County's use are stated at historical cost. Donated capital assets are recorded at their fair market value at the date of donation.

For proprietary funds, interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. There was no interest expense capitalized by proprietary funds during 2012.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Depreciation/amortization of capital assets is recorded in the Statement of Activities with accumulated depreciation/amortization reflected in the statement of net assets and is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Roads, bridges, and related infrastructure	10 – 40
Buildings and improvements	10 – 40
Land improvements	15 – 40
Furniture and fixtures	5 – 20
Machinery and equipment	5 – 25
Computer software	5 – 10
Transportation equipment	4 – 10

Gains or losses from sales or retirements of capital assets are included in the Statement of Activities.

I. Deferred Revenue

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues also arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received before all eligibility requirements imposed by the provider have been met. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for the deferred revenue is removed from the balance sheet and revenue is recognized. Proprietary funds only report deferred revenue for resources that have been received, but not yet earned. Therefore, deferred revenue in proprietary funds is reported as unearned revenue.

J. Compensated Absences

County employees accumulate vacation, sick pay, and compensatory time off for subsequent use or for payment upon termination, death, or retirement. Employees are allowed to accrue up to 150% of their annual vacation accrual, and at no time shall their balance exceed the 150% maximum limit. Employees may not receive vacation pay in lieu of time off unless the department head requests that the employee waive vacation to avoid a hardship on the department. Accrued compensatory time off, earned for hours worked in excess of the employee's regular work schedule, may accumulate up to a maximum of 240 hours, with any excess paid out by the County. Accumulated sick leave is not paid out at termination of employment.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation leave balances and unused compensatory time balances for County employees and is determined using current salary rates and includes salary-related payments.

A liability for compensated absences is reported in the individual governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is typically used to liquidate these liabilities. Vested or accumulated vacation leave and accumulated compensatory time of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

District (component unit) employees earned vacation pay, up to a maximum of 30 working days, and a percentage (based on length of employment) of sick leave may be paid upon termination of employment.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net assets. Premiums and discounts from long-term debt issuances are deferred and amortized over the life of the issuance using the effective interest method. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize issuance premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Debt service funds are used to account for and service the long-term obligations issued for governmental funds. Enterprise funds individually account for and service the applicable debt that benefit those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources is reported as a liability of a governmental fund.

L. Capital Contributions

Capital contributions in the government-wide financial statements represent donations of land, highways, and other capital assets, primarily from developers. Capital contributions reported in the enterprise funds, if any, represent transfers of equipment from governmental funds and capital contributions from outside parties.

M. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and generally result in an increase to the budget for the subsequent year. See note 11 for a summary of encumbrances outstanding at year-end.

N. Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

O. Interfund Transactions

The County has the following types of transactions between funds:

Loans and Advances – amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds and due to other funds, when repayment is expected within one year. When repayment is not expected within one year, interfund loans are reported as advances to other funds and advances from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported as internal balances in the government-wide statement of net assets.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Interfund Transactions (Continued)

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the governmental fund balance sheets or proprietary fund statements of net assets.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as nonoperating revenues and expenses. Transfers between governmental activities and business-type activities are presented as offsetting transfers, under general revenues and transfers, in the government-wide statement of activities.

P. Claims and Judgments

Claims and judgments are recorded as liabilities if it is probable that a loss has been incurred and the amount in question can be reasonably estimated. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred and the above conditions are met. For additional information on claims and judgments, see note 10 - Risk Management.

Q. Net Assets/Fund Balance

Government-Wide Financial Statements

In the government-wide financial statements, the difference between assets and liabilities is reported as net assets and is displayed in the following categories:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of related bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Net Assets/Fund Balance (Continued)

Fund Financial Statements

For governmental funds, the difference between assets and liabilities is reported as fund balance and is displayed in the following categories, which describe the nature and extent of constraints on the use of resources that the County is bound to observe:

- a. Nonspendable - Represents fund balance that cannot be spent because it is not in spendable form or legally required to be maintained intact.
- b. Restricted - Represents fund balance with constraints placed on its use, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Represents fund balance with constraints placed on its use, imposed internally by formal action (ordinance) of the County's highest level of decision making authority, the County Board, separate from the authorization to raise the underlying revenue. Committed fund balance may be redeployed for other purposes, but requires additional formal action (ordinance) of the County Board. The formal action to commit fund balance must occur prior to the end of the reporting period.
- d. Assigned - Represents fund balance that is not considered to be restricted or committed, but is constrained by the County's intent to use resources for specific purposes. Also, remaining positive fund balance amounts, in governmental funds other than the general fund, that are not classified as nonspendable, restricted, or committed are reported as assigned. The County's policy is that fund balance may only be assigned by the County Board through the passage of a resolution.
- e. Unassigned - Represents fund balance in the general fund that does not meet the definition of nonspendable, restricted, committed, or assigned fund balance. The general fund is the only fund that should report a positive unassigned fund balance amount. Other governmental funds may report negative unassigned fund balance if expenditures incurred for a specific purpose exceed the resources that are restricted, committed, or assigned to that purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted fund balance first, then unrestricted fund balance as necessary. Additionally, it is the County's policy to first use committed fund balance, then assigned fund balance, and finally unassigned fund balance when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The County has a minimum fund balance policy. The policy states that the County should maintain in the general fund, minimum unassigned fund balance equal to five months of budgeted operating expenditures. As of November 30, 2012, the general fund reserve was 6.6 months.

For proprietary funds, the difference between assets and liabilities is reported as net assets, and is displayed in the same format as in the government-wide financial statements.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Prior Period Information

Comparative total data for the prior year have been presented for the government-wide statements in order to provide an understanding of the changes in the financial position and operations of the County, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended November 30, 2011. Comparative data by fund has not been presented in all statements, since its inclusion would make the statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2 – Legal Compliance – Budgets

The County adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

In October, the County Administrator, Associate County Administrator of Finance, and Finance Committee Chairman submit to the County Board a proposed operating budget for the fiscal year commencing on December 1. The operating budget includes proposed expenditures and the means of financing them.

The operating budget is then posted in the Office of the County Clerk for a period of 15 days for public inspection. Prior to November 30, the budget is adopted by passage of a resolution by the County Board.

Budgetary control over expenditures is maintained on an object code basis (personnel services, contractual, commodities, etc.) by department. Transfers of budgeted amounts between funds or any amendments to the originally approved budget by means of an emergency appropriation require approval by the County Board. During the year, several emergency appropriations were approved. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end.

Budgets for governmental fund types and internal service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Enterprise funds are adopted on a modified basis, in that depreciation/amortization is not budgeted and capital outlay and debt principal retirements are budgeted. Budgets are adopted for the General Fund, as well as for Special Revenue, Debt Service, Capital Project, Permanent, Enterprise, and Internal Service Funds.

Excess of Expenditure/Expenses Over Appropriations

The following fund had an excess of expenditures over appropriations for the year ended November 30, 2012:

Fund	Excess
Nonmajor Special Revenue Fund	
Public Building Commission Fund (blended component unit)	\$ (12,844)

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 3 – Deposits and Investments

A. Primary Government and Fiduciary Funds

Permitted Deposits and Investments - The County's formal investment policy, which is more restrictive than State Statutes, authorizes the County to make deposits/invest in commercial banks, obligations of the U.S. Treasury or other securities guaranteed by the full faith and credit of the United States of America, savings and loan institutions, and the Illinois Funds Investment Pool.

The County's deposits and investments are categorized to show exposure to applicable risk categories as of November 30, 2012.

As of November 30, 2012, the County had the following investments:

Investment Type	Fair Value	
	Primary Government	Fiduciary Funds
Illinois Funds	\$ <u>2,731</u>	\$ <u>810</u>

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer. Oversight is provided by the Auditor General of the State of Illinois. Illinois Funds is not registered with the SEC. The fair value of the position in the Pool is the same as the value of the Pool shares.

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's formal investment policy requires the Treasurer to determine the maturity of investments, so as to enable sufficient cash for all County operating purposes. Investments may be purchased with maturities to match cash flow needs, future projects, or liability requirements.

Credit risk. As stated above, the County's formal investment policy is more restrictive than State Statutes. In addition, the policy requires the Treasurer to maintain current statements of condition for each financial institution holding County funds to review for any evidence of deterioration. If deterioration is noted, the policy permits the County to withdraw its funds and remove said institutions from the list of approved financial institutions. This policy ensures that the County's investments are only maintained with the most creditworthy issuers. As of November 30, 2012, the County's investment in Illinois Funds was rated AAAM by Standard and Poor's.

Custodial credit risk. As of November 30, 2012, none of the County's investments were exposed to custodial credit risk. The County's formal investment policy does not permit any investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

As of November 30, 2012, the County (primary government) had deposits with a book balance of \$199,628,263 and a bank balance of \$198,364,241 and the fiduciary funds had deposits with a book balance of \$14,936,886 and a bank balance of \$8,949,885. As of November 30, 2012, none of the above deposits were exposed to custodial credit risk. The County's formal investment policy manages custodial credit risk for deposits by requiring that all funds in excess of FDIC insurance be secured by collateral held in the County's name.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 3 – Deposits and Investments (Continued)

A. Primary Government and Fiduciary Funds (Continued)

A reconciliation of cash and investments as shown on the Statement of Net Assets and the Statement of Fiduciary Net Assets is as follows:

Cash and investments, as disclosed in Note 3:

	Primary Government	Fiduciary Funds
Cash on hand	\$ 6,675	\$ 1,600
Carrying amount of deposits	199,628,263	14,936,886
Carrying amount of investments	2,731	810
Total cash and investments, as disclosed in Note 3	\$ 199,637,669	\$ 14,939,296

Cash and investments, as reported in the financial statements:

	Primary Government	Fiduciary Funds
Cash and equivalents	\$ 199,637,669	\$ 14,939,296

B. District (Component Unit)

The District's investment policy authorizes the District to invest in obligations issued by the United States Government, investments constituting direct obligations of any bank, short-term commercial paper of U.S. corporations with assets exceeding \$500 million, short-term obligations issued by the Federal National Mortgage Association, shares or other securities issued by saving and loan associations, share accounts of credit unions chartered in the United States with its principal office located in Illinois, and securities issued by Illinois Funds.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price for which the investment could be sold.

It is the policy of the District to invest its funds in a manner consistent which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are; legality, safety (preservation of capital and protection of investment principal), liquidity, and yield. The Board of Trustee's policy requires collateralization at 105% of the aggregate balance of principal and accrued interest on deposits in financial institutions.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 3 – Deposits and Investments (Continued)

B. District (Component Unit) (Continued)

1. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral in the name of the District.

2. Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed with a budgetary or economic cycle. The investment policy does not strictly limit the maximum maturity lengths of investments.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The District limits its exposure to credit risk by primarily investing in Illinois Funds, which is rated AAAM by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investment that are in possession of an outside party. Illinois Funds and the money market mutual fund are not subject to custodial credit risk.

Concentration of credit risk is the risk that the District has a high percentage of its investments invested in one type of investment. The District's investment policy requires diversification of investments to avoid unreasonable risk. At March 31, 2012, the District has greater than five percent of its overall portfolio invested in the Illinois Funds and the money market mutual fund. This is in accordance with the District's investment policy.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 4 – Property Taxes/Receivables

The County’s property tax is levied each calendar year on all taxable real property located in the County. Since the 2012 property tax levy is levied to finance the operations of fiscal year 2013, the 2012 property tax levy is recorded as a receivable and deferred revenue as of November 30, 2012. The 2011 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2012. The County must file its tax levy by the last Tuesday of December each year.

The township assessors are responsible for assessment of all taxable real property within McHenry County, except for certain railroad and pollution control property which is assessed directly by the State. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Collector/Treasurer, who remits to the units their respective share of the collections. The 2011 property tax levy became due and payable in two installments in June 2012 and September 2012. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Revenues of the County are reported net of uncollectible amounts. The allowance for uncollectible amounts related to revenues of the current period is summarized as follows:

Fund	Fund Type	Amount
County Mental Health Fund	Major Governmental Fund	\$ 1,453,500
Revolving Loan Fund	Nonmajor Governmental Fund	300,000
Valley Hi Fund	Major Enterprise Fund	150,000
		\$ 1,903,500

Governmental funds report deferred revenue in connections with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds and governmental activities were as follows:

Property taxes - unearned	\$ 73,330,000
Other receivables - unearned	135,413
Total unearned revenue - governmental funds and governmental activities	73,465,413
Grants receivable - unavailable	2,939,505
Other receivables - unavailable	1,561,415
Total deferred revenue - governmental funds	4,500,920
Total deferred/unearned revenue - governmental funds	\$ 77,966,333

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 5 – Capital Assets

A summary of changes in capital assets for governmental activities of the County (primary government) is as follows:

	<u>Balance</u> <u>December 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>November 30</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 59,955,376	\$ 617,688	\$ -	\$ 60,573,064
Construction in progress	<u>34,934,368</u>	<u>13,479,656</u>	<u>(5,453,930)</u>	<u>42,960,094</u>
Total Capital Assets Not Being Depreciated	<u>94,889,744</u>	<u>14,097,344</u>	<u>(5,453,930)</u>	<u>103,533,158</u>
Other Capital Assets				
Roads, bridges, and related infrastructure	133,537,222	-	-	133,537,222
Buildings and improvements	95,997,021	4,954,392	-	100,951,413
Land improvements	-	181,544	-	181,544
Furniture and fixtures	3,173,900	193,126	-	3,367,026
Machinery and equipment	33,796,041	1,152,833	(413,340)	34,535,534
Computer software	8,352,058	355,969	-	8,708,027
Transportation equipment	<u>5,674,588</u>	<u>393,329</u>	<u>(387,906)</u>	<u>5,680,011</u>
Total Other Capital Assets	<u>280,530,830</u>	<u>7,231,193</u>	<u>(801,246)</u>	<u>286,960,777</u>
Less Accumulated Depreciation/Amortization for:				
Roads, bridges, and related infrastructure	(29,639,575)	(3,363,970)	-	(33,003,545)
Buildings and improvements	(33,844,396)	(2,526,102)	-	(36,370,498)
Land improvements	-	(5,973)	-	(5,973)
Furniture and fixtures	(2,402,906)	(123,877)	-	(2,526,783)
Machinery and equipment	(18,554,774)	(2,812,072)	413,340	(20,953,506)
Computer software	(4,566,374)	(569,188)	-	(5,135,562)
Transportation equipment	<u>(4,663,668)</u>	<u>(346,836)</u>	<u>387,906</u>	<u>(4,622,598)</u>
Total Accumulated Depreciation/Amortization	<u>(93,671,693)</u>	<u>(9,748,018)</u>	<u>801,246</u>	<u>(102,618,465)</u>
Other Capital Assets, Net	<u>186,859,137</u>	<u>(2,516,825)</u>	<u>-</u>	<u>184,342,312</u>
Governmental Activities Capital Assets, Net	<u>\$ 281,748,881</u>	<u>\$ 11,580,519</u>	<u>\$ (5,453,930)</u>	<u>\$ 287,875,470</u>

Depreciation/Amortization expense for governmental activities was charged to functions as follows:

General and administrative	\$ 3,361,886
Community development	7,977
Transportation	4,061,166
Public safety	1,305,257
Judiciary and court related	624,948
Public health and welfare	<u>386,784</u>
Total Depreciation/Amortization Expense – Governmental Activities	<u>\$ 9,748,018</u>

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 5 – Capital Assets (Continued)

A summary of changes in capital assets for business-type activities of the County (primary government) is as follows:

	<u>Balance</u> <u>December 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>November 30</u>
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other Capital Assets				
Buildings and improvements	14,529,570	-	-	14,529,570
Land improvements	302,971	-	-	302,971
Furniture and fixtures	488,189	-	-	488,189
Machinery and equipment	2,390,725	10,415	-	2,401,140
Computer software	4,428,525	-	-	4,428,525
Transportation equipment	108,832	-	-	108,832
Total Other Capital Assets	<u>22,248,812</u>	<u>10,415</u>	<u>-</u>	<u>22,259,227</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and improvements	(2,776,702)	(355,222)	-	(3,131,924)
Land improvements	(68,064)	(15,149)	-	(83,213)
Furniture and fixtures	(242,443)	(48,819)	-	(291,262)
Machinery and equipment	(1,328,240)	(268,961)	-	(1,597,201)
Computer software	(1,092,595)	(409,656)	-	(1,502,251)
Transportation equipment	(88,667)	(7,898)	-	(96,565)
Total Accumulated Depreciation/Amortization	<u>(5,596,711)</u>	<u>(1,105,705)</u>	<u>-</u>	<u>(6,702,416)</u>
Other Capital Assets, Net	<u>16,652,101</u>	<u>(1,095,290)</u>	<u>-</u>	<u>15,556,811</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,658,101</u>	<u>\$ (1,095,290)</u>	<u>\$ -</u>	<u>\$ 15,562,811</u>

Depreciation/Amortization expense for business-type activities was charged to functions as follows:

Public health and welfare	\$ 469,474
Public safety	<u>636,231</u>
Total Depreciation/Amortization Expense – Business-Type Activities	<u>\$ 1,105,705</u>

Business-type activities reported additional amortization expense of \$125,208, charged to public health and welfare, related to deferred charges.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 5 – Capital Assets (Continued)

A summary of changes in capital assets of the District (component unit) is as follows:

	<u>Balance</u> <u>April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 201,250,064	\$ 2,707,796	\$ -	\$ 203,957,860
Construction in progress	<u>3,389,163</u>	<u>1,811,778</u>	<u>(2,287,402)</u>	<u>2,913,539</u>
Total Capital Assets Not Being Depreciated	<u>204,639,227</u>	<u>4,519,574</u>	<u>(2,287,402)</u>	<u>206,871,399</u>
Other Capital Assets				
Land improvements and roads	20,870,053	2,493,416	-	23,363,469
Buildings and improvements	12,674,801	185,317	(186,000)	12,674,118
Furniture and equipment	1,600,291	330,906	(106,147)	1,825,050
Office equipment	323,979	70,578	-	394,557
Vehicles	<u>1,941,682</u>	<u>42,763</u>	<u>(146,845)</u>	<u>1,837,600</u>
Total Other Capital Assets	<u>37,410,806</u>	<u>3,122,980</u>	<u>(438,992)</u>	<u>40,094,794</u>
Less accumulated depreciation for:				
Land improvements and roads	(8,879,929)	(935,921)	-	(9,815,850)
Buildings and improvements	(3,833,185)	(452,641)	114,700	(4,171,126)
Furniture and equipment	(1,124,854)	(151,048)	104,147	(1,171,755)
Office equipment	(156,789)	(34,491)	-	(191,280)
Vehicles	<u>(1,193,689)</u>	<u>(170,818)</u>	<u>146,844</u>	<u>(1,217,663)</u>
Total Accumulated Depreciation	<u>(15,188,446)</u>	<u>(1,744,919)</u>	<u>365,691</u>	<u>(16,567,674)</u>
Other Capital Assets, Net	<u>22,222,360</u>	<u>1,378,061</u>	<u>(73,301)</u>	<u>23,527,120</u>
Governmental Activities Capital Assets, Net	<u>\$ 226,861,587</u>	<u>\$ 5,897,635</u>	<u>\$ (2,360,703)</u>	<u>\$ 230,398,519</u>

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations

The following is a summary of long-term obligation activity for the County (primary government) associated with governmental activities for the year:

	<u>Balance</u> <u>December 1</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>November 30</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences	\$ 4,640,698	\$ 4,411,529	\$ 4,376,045	\$ 4,676,182	\$ 1,558,727
Capital leases	2,607,332	262,063	941,719	1,927,676	665,210
Debt certificates	63,540,000	5,465,000	13,825,000	55,180,000	8,975,000
Add: deferred debt certificate issuance premiums	484,835	166,455	80,716	570,574	80,475
Claims and judgments - health claims	1,976,136	17,476,754	17,154,741	2,298,149	2,298,149
Claims and judgments - all other claims	2,768,592	1,236,637	1,078,226	2,927,003	1,231,931
Other post-employment benefit obligation	<u>3,105,225</u>	<u>1,640,603</u>	<u>780,538</u>	<u>3,965,290</u>	<u>-</u>
	<u>\$ 79,122,818</u>	<u>\$ 30,659,041</u>	<u>\$ 38,236,985</u>	<u>\$ 71,544,874</u>	<u>\$ 14,809,492</u>

Compensated absences and other post-employment benefit obligation will be liquidated primarily by the general fund. Claims and judgments - health claims will be liquidated by the health insurance fund (internal service fund), while claims and judgments - all other claims will be liquidated by the insurance loss fund (nonmajor special revenue fund).

The following is a summary of long-term obligation activities for the County (primary government) associated with business-type activities for the year:

	<u>Balance</u> <u>December 1</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>November 30</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences	\$ 177,719	\$ 219,072	\$ 205,573	\$ 191,218	\$ 63,739
Capital leases	57,613	-	13,632	43,981	14,047
Debt certificates	8,915,000	-	8,915,000	-	-
Other post-employment benefit obligation	<u>135,650</u>	<u>75,552</u>	<u>35,945</u>	<u>175,257</u>	<u>-</u>
	<u>\$ 9,285,982</u>	<u>\$ 294,624</u>	<u>\$ 9,170,150</u>	<u>\$ 410,456</u>	<u>\$ 77,786</u>

Compensated absences and other post-employment benefit obligation will be liquidated by the Valley Hi fund and the 911 fund.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

The following is a summary of long-term obligation transactions for the District (component unit):

	Balance April 1	Issuances	Retirements	Balance March 31	Due Within One Year
Compensated absences	\$ 636,304	\$ 277,620	\$ 276,361	\$ 637,563	\$ 273,768
General obligation bonds	142,355,000	-	4,475,000	137,880,000	4,915,000
Add: deferred bond issuance premiums	2,185,635	-	160,091	2,025,544	-
Less: deferred charge on refunding	(285,100)	-	(77,368)	(207,732)	-
Installment contract	6,300,000	-	1,500,000	4,800,000	-
Other post-employment benefit obligation	33,917	5,954	-	39,871	-
	<u>\$ 151,225,756</u>	<u>\$ 283,574</u>	<u>\$ 6,334,084</u>	<u>\$ 145,175,246</u>	<u>\$ 5,188,768</u>

Long-term obligations outstanding (excluding compensated absences, deferred debt certificate issuance premiums, claims and judgments, and other post-employment benefit obligation) of the County (primary government) are as follows:

Description	Balance December 1	Issuances	Retirements	Balance November 30
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Capital Leases – Governmental Activities

HP Desktop Lease

\$1,274,279 capital lease due in annual installments of \$278,252; interest at 4.59% through January 2012. Proceeds were used for the purchase of computer equipment. The capital lease was repaid by the General Fund and the Workforce Network Fund.

\$	266,029	\$	-	\$	266,029	\$	-
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Panasonic Toughbook Lease

\$169,678 capital lease due in annual installments of \$44,965; interest at 4.03% through August 2012. Proceeds were used for the purchase of computer equipment. The capital lease was repaid by the General Fund.

43,223	-	43,223	-
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Laptop Lease 11-15

\$663,004 capital lease due in annual installments of \$172,639; interest at 2.50% through April 2014. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the General Fund and the Workforce Network Fund.

493,120	-	160,341	332,779
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County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Capital Leases – Governmental Activities (Continued)				
Avaya Lease 11-16				
\$321,039 capital lease; monthly principal and interest payments of \$5,761 through December 2015; interest imputed at 3.0%. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the General Fund.	\$ 262,460	\$ -	\$ 62,101	\$ 200,359
Server Lease 11-16				
\$1,940,000 capital lease due in annual installments of \$409,240; interest at 2.42% through October 2015. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the General Fund.	1,542,500	-	371,903	1,170,597
Recorder Lease 12-16				
\$145,337 capital lease due in annual installments of \$30,631; interest at 2.38% through July 2016. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the Recorder Automation Fund.	-	145,337	29,767	115,570
Toughbook Lease 12-16				
\$116,726 capital lease; monthly principal and interest payments of \$2,580 through August 2016; interest imputed at 3.0%. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the General Fund.	-	116,726	8,355	108,371
Total Capital Leases - Governmental Activities	\$ 2,607,332	\$ 262,063	\$ 941,719	\$ 1,927,676

Capital leases have resulted in the acquisition of \$4,460,386 of capital assets (equipment), which have accumulated depreciation of \$2,359,855.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Debt Certificates – Governmental Activities				
McHenry County General Obligation				
\$5,000,000 McHenry County Debt Certificates Series 2003A, due in annual installments of \$185,000 to \$765,000; interest at 2.5% to 4.75% through January 2022. The proceeds were used for the judicial center conversion project, which included the remodeling of the government center and Annex A. Principal and interest payments were reported in a Debt Service fund. Funding was provided by transfers in from the General Fund. Debt certificates were currently refunded in 2012, see note below on refundings.	\$ 3,445,000	\$ -	\$ 3,445,000	-
McHenry County General Obligation				
\$4,600,000 McHenry County Debt Certificates Series 2003C, due in annual installments of \$440,000 to \$610,000, Interest at 4.0% to 5.5% through January 2014. The proceeds were used for renovating the County jail. Principal and interest payments were reported in a Debt Service fund. Funding was provided by transfers in from the General Fund. Debt certificates were currently refunded in 2012, see note below on refundings.	1,740,000	-	1,740,000	-
McHenry County General Obligation				
\$1,895,000 McHenry County Debt Certificates Series 2005A, due in annual installments of \$230,000 to \$355,000, Interest at 3.5% to 3.65% through January 2015. The proceeds were used for renovating the County jail. Principal and interest payments were reported in a Debt Service fund. Funding was provided by transfers in from the General Fund. Debt certificates were advance refunded in 2012, see note below on refundings.	1,355,000	-	1,355,000	-

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Debt Certificates – Governmental Activities (Continued)				
McHenry County General Obligation				
\$8,280,000 McHenry County Debt Certificates Series 2006A, due in annual installments of \$40,000 to \$1,400,000; Interest at 3.85% to 4.0% through January 2022. The proceeds were used to advance refund Series 2002B debt certificates. In addition, proceeds were used for the purchase and construction of a new animal control facility and for energy saving renovations at the government center. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	\$ 6,555,000	\$ -	\$ 480,000	\$ 6,075,000
McHenry County General Obligation				
\$4,885,000 McHenry County Debt Certificates Series 2007A, due in annual installments of \$440,000 to \$575,000; Interest at 3.85% to 4.15% through January 2017. The proceeds were used for the purchase and implementation of a new radio system for the Sheriff's Office. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	3,135,000	-	470,000	2,665,000
McHenry County General Obligation				
\$50,000,000 McHenry County Debt Certificates Series 2007B, due in annual installments of \$4,060,000 to \$6,060,000; Interest at 4.0% to 4.5% through January 2017. The proceeds were used for highway engineering, construction, and maintenance costs. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the County Highway Fund, Motor Fuel Tax Fund, and County Option Motor Fuel Tax Fund.	32,580,000	-	4,840,000	27,740,000

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Debt Certificates – Governmental Activities (Continued)				
McHenry County General Obligation				
\$4,480,000 McHenry County Debt Certificates Series 2008, due in annual installments of \$380,000 to \$520,000; Interest at 3.0% to 4.25% through January 2019. The proceeds were used for the acquisition of land and property adjacent to the County courthouse campus. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	\$ 3,710,000	\$ -	\$ 400,000	\$ 3,310,000
McHenry County General Obligation				
\$7,595,000 McHenry County Debt Certificates Series 2010A, due in annual installments of \$185,000 to \$1,125,000; Interest at 1.5% to 4.5% through December 2019. The proceeds were used for various capital projects, including the construction of a new County archive facility, the purchase of a new local area network, the buildout of a courtroom, the purchase of a new storage area network, and the partial advanced refunding of the Series 2002 A debt certificates. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	7,085,000	-	1,000,000	6,085,000
McHenry County General Obligation				
\$4,000,000 McHenry County Debt Certificates (Recovery Zone Economic Development Bonds) Series 2010B, due in annual installments of \$65,000 to \$350,000; Interest at 0.75% to 5.55% through December 2024. The County will receive a reimbursement from the Federal Government equal to 45% of each scheduled interest payment. The proceeds were used for the expansion of the County mental health facility. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the County Mental Health Fund.	3,935,000	-	95,000	3,840,000

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Debt Certificates – Governmental Activities (Continued)				
McHenry County General Obligation				
\$1,220,000 McHenry County Debt Certificates Series 2012A, Interest at 2.25%; balloon payment of principal and interest due January 2013. The proceeds were used to currently refund Series 2003C debt certificates. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	\$ -	\$ 1,220,000	\$ -	\$ 1,220,000
McHenry County General Obligation				
\$4,245,000 McHenry County Debt Certificates Series 2012B, due in annual installments of \$310,000 to \$1,245,000, beginning in 2014; Interest at 2.0% to 3.5% through January 2022. The proceeds were used to currently refund Series 2003A debt certificates and to advance refund Series 2005A debt certificates. Principal and interest payments will be reported in a Debt Service fund. Funding will be provided by transfers in from the General Fund.	-	4,245,000	-	4,245,000
Total Debt Certificates - Governmental Activities	\$ <u>63,540,000</u>	\$ <u>5,465,000</u>	\$ <u>13,825,000</u>	\$ <u>55,180,000</u>

Capital Leases – Business-Type Activities

Avaya Lease 11-16

\$70,472 capital lease; monthly principal and interest payments of \$1,264 through December 2015; interest imputed at 3.0%. Proceeds were used for the purchase of computer equipment. The capital lease will be repaid by the Valley Hi Fund.

\$ <u>57,613</u>	\$ <u>-</u>	\$ <u>13,632</u>	\$ <u>43,981</u>
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Capital leases have resulted in the acquisition of \$70,472 of capital assets (equipment), which have accumulated depreciation of \$28,189.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
Debt Certificates – Business-Type Activities				
Valley Hi				
\$10,000,000 Valley Hi Series 2003B, due in annual installments of \$445,000 to \$995,000; Interest at 3.05% to 4.35% through January 2022. The proceeds were used for the construction of the new Valley Hi facility. Principal and interest payments were reported in the Valley Hi Fund. Debt certificates were repaid in full in 2012, using existing resources.	\$ <u>8,915,000</u>	\$ <u>-</u>	\$ <u>8,915,000</u>	\$ <u>-</u>

Long-term obligations outstanding (excluding compensated absences, deferred bond issuance premiums, deferred charge on refunding, and other post-employment benefit obligation) of the District (component unit) are as follows:

General Obligation Bonds – Governmental Activities (District)

McHenry County Conservation District

\$20,330,000 General Obligation Limited Bonds Series 1998A, due in annual installments of \$115,000 to \$1,785,000; interest at 4.7% to 5.5% through February 1, 2018. The proceeds were used for the acquisition and construction of major capital facilities. Principal and interest payments will be reported in the District Debt Service Fund.

	\$ 7,085,000	\$ -	\$ 145,000	\$ 6,940,000
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McHenry County Conservation District

\$12,235,000 General Obligation Limited Refunding Bonds Series 2001B, due in annual installments of \$150,000 to \$1,410,000; interest at 4.25% to 5.0% through February 1, 2016. The proceeds were used to refund prior general obligation bonds. Principal and interest payments will be reported in the District Debt Service Fund.

	3,300,000	-	1,345,000	1,955,000
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McHenry County Conservation District

\$58,825,000 General Obligation Refunding Bonds Series 2005A, due in annual installments of \$135,000 to \$9,850,000; interest at 3.0% to 5.0% through February 1, 2021. The proceeds were used to refund prior general obligation bonds. Principal and interest payments will be reported in the District Debt Service Fund.

	57,670,000	-	2,980,000	54,690,000
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County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Description	Balance December 1	Issuances	Retirements	Balance November 30
General Obligation Bonds – Governmental Activities (District) (Continued)				
McHenry County Conservation District				
\$1,315,000 General Obligation Refunding Tax Bonds Series 2005B, due in periodic installments of \$5,000 to \$1,295,000, beginning in 2013; interest at 3.5% to 4.0% through February 1, 2014. The proceeds were used to refund prior general obligation bonds. Principal and interest payments will be reported in the District Debt Service Fund.	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
McHenry County Conservation District				
\$73,000,000 General Obligation Bonds Series 2007, due in periodic installments of \$5,000 to \$13,695,000; interest at 4.0% to 5.125% through February 1, 2027. The proceeds were used for the acquisition and construction of major capital facilities. Principal and interest payments will be reported in the District Debt Service Fund.	<u>73,000,000</u>	<u>-</u>	<u>5,000</u>	<u>72,995,000</u>
Total General Obligation Bonds - Governmental Activities (District)	<u>\$ 142,355,000</u>	<u>\$ -</u>	<u>\$ 4,475,000</u>	<u>\$ 137,880,000</u>

Installment Contract – Governmental Activities (District)

McHenry County Conservation District				
\$6,300,000 Installment Contract, dated November 16, 2006, interest at 2.5% due in semi-annual installments, beginning in 2016; balloon payment of principal and interest due November 1, 2016. The proceeds were used for the acquisition of land. Principal and interest payments will be reported in the District Debt Service Fund.	<u>\$ 6,300,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 4,800,000</u>

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the County (primary government) for capital leases and debt certificates are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Capital Leases - Minimum Future Lease Payments</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 665,210	\$ 47,386	\$ 712,596
2014	681,994	30,603	712,597
2015	526,561	13,395	539,956
2016	53,911	973	54,884
	<u>\$ 1,927,676</u>	<u>\$ 92,357</u>	<u>\$ 2,020,033</u>
<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Capital Leases - Minimum Future Lease Payments</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 14,047	\$ 1,127	\$ 15,174
2014	14,474	700	15,174
2015	14,914	260	15,174
2016	546	1	547
	<u>\$ 43,981</u>	<u>\$ 2,088</u>	<u>\$ 46,069</u>
<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Debt Certificates</u>		
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 8,975,000	\$ 2,071,350	
2014	9,330,000	1,694,013	
2015	9,085,000	1,330,758	
2016	9,105,000	958,740	
2017	9,020,000	579,375	
2018-2022	8,645,000	1,112,631	
2023-2025	1,020,000	84,682	
	<u>\$ 55,180,000</u>	<u>\$ 7,831,549</u>	

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 6 – Long-Term Obligations (Continued)

Debt Service Requirements to Maturity (Continued)

Annual debt service requirements to maturity for the District (component unit) for general obligation bonds and installment contracts for governmental activities are as follows:

Fiscal Year	General Obligation Bonds		Installment Contract	
	Principal	Interest	Principal	Interest
2013	\$ 4,915,000	\$ 6,863,104	\$ -	\$ 120,000
2014	5,415,000	6,610,379	-	120,000
2015	5,940,000	6,351,604	-	120,000
2016	6,510,000	6,050,779	-	120,000
2017	7,110,000	5,721,254	4,800,000	70,356
2018-2022	45,725,000	22,893,058	-	-
2023-2027	62,265,000	9,728,591	-	-
	<u>\$ 137,880,000</u>	<u>\$ 64,218,769</u>	<u>\$ 4,800,000</u>	<u>\$ 550,356</u>

There are a number of limitations and restrictions contained in various bond indentures and loan agreements. The County believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current and Advance Refunding of Debt

The County issued Series 2012A debt certificates for \$1,220,000 and Series 2012B debt certificates for \$4,245,000 during the year. The issuances were used to currently refund Series 2003A debt certificates in the amount of \$3,190,000, to currently refund Series 2003C debt certificates in the amount of \$1,190,000, and to advance refund Series 2005A debt certificates in the amount of \$1,035,000. For the advance refunding, \$1,073,000 was placed in an irrevocable trust with an escrow agent for the purpose of paying all future debt service payments. As a result, the advance refunded debt certificates are considered to be defeased and the liability has been removed for the governmental activities column of the statement of net assets. The current and advance refundings were undertaken to reduce total debt service payments over the next 9 years by approximately \$331,000 and resulted in an economic gain of approximately \$272,000.

As of November 30, 2012, the balance of defeased debt outstanding is \$1,035,000. The defeased debt was repaid in full on January 15, 2013.

Conduit Debt

The County has participated in the issuance of Industrial Revenue Bonds and Recovery Zone Facility Bonds. These bonds were issued for various third parties for the purpose of constructing privately operated manufacturing and other related facilities within the County. These bonds are not direct or contingent liabilities of the County. Revenue from lease agreements and property purchased with the bond proceeds is pledged for the total payment of principal and interest on the bonds, and the bondholders can look only to these sources for repayment. As of November 30, 2012, the balance of conduit debt outstanding is \$11,186,775.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 7 – Defined Benefit Pension Plans

A. Plan Description

The County and District's defined benefit pension plans provide retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County and District's plans are affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

B. Funding Policy

As set by statute, plan members are required to contribute a percentage of their annual salary. Plan member contribution rates are 4.5% for the Regular Plan, 7.5% for the Sheriff's Law Enforcement Personnel Plan (SLEP), and 4.5% for the District plan. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The required employer contribution rates for calendar year 2011 were 10.28% of annual covered payroll for the Regular Plan, 22.78% of annual covered payroll for the SLEP Plan, and 11.85% of annual covered payroll for the District plan. The County and District also contribute for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits and set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. Annual Pension Cost

For calendar year 2011, the County's annual pension costs of \$5,103,226 for the Regular Plan and \$2,690,209 for the SLEP plan were equal to the County's required and actual contributions. The District's annual pension cost of \$493,067 was equal to the District's required and actual contribution.

D. Actuarial Assumptions

The required contributions for calendar year 2011 were determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Each plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

E. Funded Status and Funding Progress

a. Regular Plan

As of December 31, 2011, the most recent actuarial valuation date, the Regular Plan was 79.57% funded. The actuarial accrued liability for benefits was \$102,169,963 and the actuarial value of assets was \$81,297,092, resulting in an underfunded actuarial accrued liability (UAAL) of \$20,872,871. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$49,642,272 and the ratio of the UAAL to the covered payroll was 42.04%.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 7 – Defined Benefit Pension Plans (Continued)

E. Funded Status and Funding Progress (Continued)

b. SLEP Plan

As of December 31, 2011, the most recent actuarial valuation date, the SLEP Plan was 51.07% funded. The actuarial accrued liability for benefits was \$53,163,644 and the actuarial value of assets was \$27,148,406, resulting in an underfunded actuarial accrued liability (UAAL) of \$26,015,238. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$11,809,523 and the ratio of the UAAL to the covered payroll was 220.29%.

c. District Plan

As of December 31, 2011, the most recent actuarial valuation date, the District Plan was 66.89% funded. The actuarial accrued liability for benefits was \$8,726,340 and the actuarial value of assets was \$5,837,449, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,888,891. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$4,160,902 and the ratio of the UAAL to the covered payroll was 69.43%.

The schedule of funding progress, presented as required supplementary information (RSI), following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Trend Information

	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Regular Plan	12/31/11	\$ 5,103,226	100%	\$ -
	12/31/10	4,949,907	100%	-
	12/31/09	3,887,521	100%	-
SLEP	12/31/11	\$ 2,690,209	100%	\$ -
	12/31/10	2,768,536	100%	-
	12/31/09	2,268,910	100%	-
District	12/31/11	\$ 493,067	100%	\$ -
	12/31/10	463,838	100%	-
	12/31/09	455,587	100%	-

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 8 – Other Post Employment Benefits (OPEB)

A. Plan Description

a. County Plan

In addition to the pension benefits described above, the County also provides health and dental insurance benefits (OPEB) to eligible retirees and their spouses (plan members). The OPEB plan is a single-employer defined benefit OPEB plan and is administered by the County. The County is required by state statute to offer health and dental insurance benefits to eligible retirees and their spouses at the same premium-equivalent rate as active employees. The County utilizes premium-equivalents, as it is self-insured for health and dental claims, see note 10, Risk Management. The County's OPEB plan does not issue a stand-alone financial report.

b. District Plan

In addition to the pension benefits described above, the District also provides post employment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual and union contracts. Certain benefits are controlled by state laws and can only be changed by the Illinois Legislature. The District plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the District plan. The District plan does not issue a separate report.

B. Funding Policy

a. County Plan

The County Board establishes the level of health and dental benefits offered, as well as the level of retiree contributions and employer contributions. The County Board may amend the level of health and dental benefits offered or the contribution rates, by modifying the County's personnel policy or by negotiating the terms of union contracts. Plan members who are non-Medicare eligible are required to contribute between 65-80% of insurance premium-equivalents, while plan members who are Medicare eligible are required to contribute 100% of the premium-equivalents. The County finances employer contributions on a pay-as-you-go basis, meaning the County only contributes an amount equal to the employer's share of current year premium-equivalents, which range between 20-35% of premium-equivalents for members who are non-Medicare eligible and 0% of premium-equivalents for plan members who are Medicare eligible. For fiscal year 2012, plan members contributed \$1,122,115 and, on an age-adjusted basis, the County contributed \$816,483.

b. District Plan

The District provides pre and post-Medicare post employment health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the District's retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the District's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

The District is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 8 – Other Post Employment Benefits (OPEB) (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

a. County Plan

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution (ARC)	\$	1,666,711
Interest on net OPEB obligation		162,044
Adjustment to annual required contribution		<u>(112,600)</u>
Annual OPEB cost (expense)		1,716,155
Contributions made		<u>(816,483)</u>
Increase in net OPEB obligation		899,672
Net OPEB obligation - beginning of year		<u>3,240,875</u>
Net OPEB obligation - end of year	\$	<u><u>4,140,547</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
11/30/12	\$ 1,716,155	\$ 816,483	47.58%	\$ 4,140,547
11/30/11	1,644,986	221,603	13.47	3,240,875
11/30/10	1,494,130	829,948	55.55	1,817,492

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 8 – Other Post Employment Benefits (OPEB) (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

b. District Plan

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	\$	15,075
Interest on net OPEB obligation		1,357
Adjustment to annual required contribution		<u>(1,132)</u>
Annual OPEB cost (expense)		15,300
Contributions made		<u>(9,346)</u>
Increase in net OPEB obligation		5,954
Net OPEB obligation - beginning of year		<u>33,917</u>
Net OPEB obligation - end of year	\$	<u><u>39,871</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
3/31/12	\$ 15,300	\$ 9,346	61.08%	\$ 39,871
3/31/11	15,594	4,115	26.39	33,917
3/31/10	15,405	4,115	26.71	22,438

D. Funded Status and Funding Progress

a. County Plan

As of August 1, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$14,687,870 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,687,870. The covered payroll (annual payroll of active employees covered by the plan) was \$62,919,438, and the ratio of the UAAL to the covered payroll was 23.34%.

b. District Plan

As of March 31, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$145,721 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$145,721. The covered payroll (annual payroll of active employees covered by the plan) was \$4,160,902, and the ratio of the UAAL to the covered payroll was 3.50%.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 8 – Other Post Employment Benefits (OPEB) (Continued)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information (RSI), following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County/District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the County/District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

a. County Plan

In the August 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 5.0% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 7.0% initially, reduced to an ultimate rate of 5.0% after 7 years, projected salary increases of 3.5% a year, and annual inflation of 3.5%. Since the County is only financing employer contributions on a pay-as-you-go basis, the actuarial value of assets is \$0. The UAAL is being amortized using level dollar amounts on an open 30 year basis.

b. District Plan

In the March 31, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, an annual healthcare cost trend rate of 8.0% initially, reduced to an ultimate rate of 6.0%, projected salary increases of 4.0% a year, and annual inflation of 3.0%. The actuarial value of assets was not determined, as the District has not advance funded its obligation. The UAAL is being amortized as a level percentage of projected payroll on an open 30 year basis.

Note 9 – Contingent Liabilities

The County (primary government) is a defendant in various lawsuits, wherein substantial amounts are claimed. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters could have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 10 – Risk Management

The County and District are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; health care and injuries to employees; and natural disasters. The County accounts for its risk financing in the Health Insurance Fund (internal service fund) and Insurance Loss Fund (nonmajor special revenue fund).

The Insurance Loss Fund provides coverage for up to a maximum of \$550,000 for each worker’s compensation claim, \$250,000 for each general liability claim, and \$25,000 for each liability or property damage claim. The County purchases commercial insurance for claims in excess of coverage provided and for other risks of loss. All funds of the County are covered by the Insurance Loss Fund.

The County is self-insured for health and dental claims, which are accounted for in the Health Insurance Fund. The County has \$195,000 stop-loss coverage for individual health claims with an aggregate stop-loss of 135% of total expected annual claims. The County utilizes a third-party administrator to process the claims. The County reimburses the third-party administrator for the claims plus a processing fee. The Health Insurance Fund is supported by payments from other County funds, those that account for personnel costs, based on estimated premium-equivalent amounts.

The claims and judgments liability of \$5,225,152 at November 30, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability for claims and judgments also includes an estimate of the claims incurred but not reported. The County does not allocate overhead costs or other nonincremental costs to the claims liability.

Settled claims have not exceeded the excess commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the previous year.

Changes in claims and judgments liability in fiscal years 2012 and 2011 were:

	<u>Balance</u> <u>December 1</u>		<u>Incurred</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>		<u>Claim</u> <u>Payments</u>		<u>Balance</u> <u>November 30</u>
2011 - 2012	\$ 4,744,728	\$	18,713,391	\$	18,232,967	\$	5,225,152
2010 - 2011	\$ 7,524,433	\$	14,047,868	\$	16,827,573	\$	4,744,728

The District participates in the Park District Management Agency (PDRMA). PDRMA is a public entity risk pool whose members are Illinois governments. PDRMA manages and funds first party property losses, third party liability claims, boiler and machinery claims, workers' compensation claims, and public officials' liability claims of its members.

Each member assumes the first \$1,000 of property claims each occurrence and has self-insurance retentions at various amounts. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Risk Manager and a Treasurer. The District does not exercise any control over the activities of PDRMA beyond its representation on the Board of Directors.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 10 – Risk Management (Continued)

Initial contributions are determined in advance of each membership year based on the individual member's expenditures as defined in the bylaws of PDRMA, assessment factors based on past member experience, and the funding needs for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure that adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

At December 31, 2011, the total equity of PDRMA was \$33,166,166. For the year ended December 31, 2011, the increase in net assets of PDRMA was \$2,771,742. The District made \$206,558 of payments to PDRMA during the year ended March 31, 2012.

In the event of a liability loss exceeding \$16,500,000 per occurrence, self-insured and reinsurance limit, the members would be responsible for funding the excess amount.

The District purchases employee health insurance from third-party insurance company providers.

Settled claims have not exceeded the excess commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the previous year.

Note 11 – Contractual Commitments

As of year-end, the County had entered into various contracts for road construction and repairs, building projects, and other projects, as shown below. No future financing is required.

	Contract Amount	Remaining Balance
Road and bridge construction and repairs	\$ 61,119,958	\$ 27,460,965
Building projects	137,718	104,485
Other projects	9,710,003	2,958,314
	\$ 70,967,679	\$ 30,523,764

As of year-end, encumbrances for contractual commitments is summarized as follows:

General Fund	\$ 2,926,319	\$ 1,891,542
Nonmajor Governmental Funds	63,852,663	28,314,653
Valley Hi Fund	328,335	67,998
911 Fund	3,860,362	249,571
	\$ 70,967,679	\$ 30,523,764

Note 12 – Enterprise Funds – Segment Information

The County maintains one major enterprise fund which accounts for the activities of the Valley Hi Nursing Home. The fund is intended to be self-supporting through resident fees, intergovernmental revenues (mainly Medicare), and real estate taxes.

The other enterprise fund maintained by the County is the 911 fund, which is supported by charges to participating members. Since the 911 fund is the only nonmajor Enterprise Fund, segment information is not presented. All the 911 fund information is included in the basic financial statements.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 13 – Fund Balance Restricted for Future Grant/Program Expenditure

The County receives grant funds from various government agencies. The funds are restricted until expended in accordance with the various restrictions imposed by the grantor.

Note 14 – Interfund Balances and Transfers

A. Interfund Balances

Individual interfund balances for the County (primary government) as of November 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due From/To Other Funds Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Nonmajor Governmental Funds	\$ 16,271	\$ -
General Fund	Valley Hi Fund	551	-
General Fund	911 Fund	148	-
County Mental Health Fund	Nonmajor Governmental Funds	393,962	-
Nonmajor Governmental Funds	County Mental Health Fund	2,108	-
Nonmajor Governmental Funds	Valley Hi Fund	137,085	-
Nonmajor Governmental Funds	Other Nonmajor Governmental Funds	1,047,682	-
Internal Service Fund	General Fund	913,788	-
Internal Service Fund	County Mental Health Fund	27,183	-
Internal Service Fund	Nonmajor Governmental Funds	138,012	-
Internal Service Fund	Valley Hi Fund	92,129	-
Internal Service Fund	911 Fund	4,609	-
		<hr/>	<hr/>
Subtotal - Fund Financial Statements		2,773,528	\$ <u><u>-</u></u>
Less: Fund eliminations		(3,420,460)	
Add: Internal service fund activities related to enterprise funds		1,256,544	
Add: Advance from general fund to nonmajor governmental funds		881,454	
		<hr/>	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ <u><u>1,491,066</u></u>	

The principal reason for these interfund balances is a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The General Fund is advancing funds to two nonmajor special revenue funds, for the purchase and development of a judiciary and court related project. Under the agreement, the General Fund may advance up to \$3,500,000. The advances are non-interest bearing, with quarterly repayments of \$106,027 to \$107,143, beginning January 2008, through December, 2015. The amount of the advance outstanding as of November 30, 2012 is \$881,454.

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 14 – Interfund Balances and Transfers (Continued)

B. Transfers

Interfund transfers for the year ended November 30, 2012 are as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 1,220	Working Cash transfers
General Fund	Nonmajor Governmental Funds	21,385	Administrative expenses
County Mental Health Fund	Nonmajor Governmental Funds	68,215	Closeout of grant programs
Nonmajor Governmental Funds	General Fund	4,348,229	Debt service payments
Nonmajor Governmental Funds	General Fund	549,706	Transfer of restricted resources to new special revenue fund
Nonmajor Governmental Funds	County Mental Health Fund	259,169	Debt service payments
Nonmajor Governmental Funds	County Mental Health Fund	783,619	County support of grant programs
Nonmajor Governmental Funds	Other Nonmajor Governmental Funds	560,839	County support of transit program
Nonmajor Governmental Funds	Other Nonmajor Governmental Funds	11,625,665	Funding of expenditures with restricted sales taxes
Nonmajor Governmental Funds	Other Nonmajor Governmental Funds	<u>6,197,200</u>	Debt service payments
Subtotal - Governmental Fund Financial Statements		24,415,247	
Less: Fund eliminations		<u>(24,415,247)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 15 – Net Assets/Fund Balance

Net assets reported on the government-wide statement of net assets as of November 30, 2012 includes the following:

Governmental Activities

Invested in capital assets, net of related debt

Land	\$ 60,573,064
Construction in progress	42,960,094
Other capital assets, net of accumulated depreciation/amortization	184,342,312
Less: related long-term debt outstanding	<u>(49,525,484)</u>
 Total invested in capital assets, net of related debt	 <u>238,349,986</u>

Restricted

Recorder's Office	1,745,215
Treasurer's Office	345,329
Liability insurance	14,836,224
Geographic information systems	1,759,098
Other administrative purposes	80,785
Community development	8,790
Transportation	70,760,281
Public safety	368,320
Judiciary and court related	2,280,516
Public health and welfare	15,135,354
Employee benefits	2,871,154
Public Building Commission	52,876
Debt service	5,247
Working cash - permanently restricted	<u>800,661</u>
 Total restricted	 <u>111,049,850</u>

Unrestricted

39,069,307

Total governmental activities net assets

\$ 388,469,143

Business-Type Activities

Invested in capital assets, net of related debt

Land	\$ 6,000
Other capital assets, net of accumulated depreciation/amortization	15,556,811
Less: related long-term debt outstanding	<u>(43,981)</u>

Total invested in capital assets, net of related debt

15,518,830

Restricted

-

Unrestricted

32,871,174

Total business-type activities net assets

\$ 48,390,004

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 15 – Net Assets/Fund Balance (Continued)

Fund balance reported on the governmental funds balance sheet as of November 30, 2012 includes the following:

	General Fund	County Mental Health Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ 97,678	\$ 9,926	\$ 537,982	\$ 645,586
Advance to other funds	881,454	-	-	881,454
Working cash principal	-	-	800,661	800,661
	<u>979,132</u>	<u>9,926</u>	<u>1,338,643</u>	<u>2,327,701</u>
Restricted				
Recorder's Office	84,470	-	1,660,379	1,744,849
Treasurer's Office	-	-	345,329	345,329
Liability insurance	-	-	14,836,224	14,836,224
Geographic information systems	-	-	1,759,098	1,759,098
Other administrative purposes	-	-	80,785	80,785
Transportation	-	-	69,054,791	69,054,791
Public safety	193,844	-	85,165	279,009
Judiciary and court related	16,622	-	2,218,085	2,234,707
Public health and welfare	71,812	7,081,339	5,168,096	12,321,247
Employee benefits	-	-	2,871,154	2,871,154
Public Building Commission	-	-	52,876	52,876
Debt service	-	-	5,247	5,247
Capital projects	-	-	64,404	64,404
	<u>366,748</u>	<u>7,081,339</u>	<u>98,201,633</u>	<u>105,649,720</u>
Committed				
Treasurer's Office	-	-	198,049	198,049
Community development	-	-	1,685,655	1,685,655
	<u>-</u>	<u>-</u>	<u>1,883,704</u>	<u>1,883,704</u>
Assigned				
Subsequent year's budget	1,795,797	-	-	1,795,797
Other administrative purposes	320,323	-	-	320,323
Community development	583,369	-	-	583,369
Public safety	111,795	-	-	111,795
Judiciary and court related	1,004,901	-	-	1,004,901
Public health and welfare	15,821	-	-	15,821
	<u>3,832,006</u>	<u>-</u>	<u>-</u>	<u>3,832,006</u>
Unassigned (deficit)				
	<u>48,046,334</u>	<u>-</u>	<u>(604,437)</u>	<u>47,441,897</u>
Total fund balance	<u>\$ 53,224,220</u>	<u>\$ 7,091,265</u>	<u>\$ 100,819,543</u>	<u>\$ 161,135,028</u>

County of McHenry, Illinois
 NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 16 - Fund Deficits

The following funds reported a deficit as of November 30, 2012:

Fund	Fund Type	Deficit Amount
Circuit Court Document Storage Fund	Nonmajor Special Revenue Fund	\$ (479,823)
Circuit Court Automation Fund	Nonmajor Special Revenue Fund	(124,614)

Both fund deficits are due to capital outlay financed by an advance from the general fund. The fund deficits will be eliminated as future revenues are used to repay the advance through 2015. See note 14 for more detail on the advance.

Note 17 – New Governmental Accounting Standards

Following is a summary of select Statements issued by the Governmental Accounting Standards Board (GASB), which the County will have to implement in future years:

Statement No. 63 – “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The County is required to implement this statement for the year ending November 30, 2013.

Statement No. 65 – “Items Previously Reported as Assets and Liabilities”. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The County is required to implement this statement for the year ending November 30, 2014.

County of McHenry, Illinois
NOTES TO FINANCIAL STATEMENTS
November 30, 2012

Note 17 – New Governmental Accounting Standards (Continued)

Statement No. 68 – “Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27”. This Statement replaces existing accounting and financial reporting standards for defined benefit pension plans. Specifically, this new accounting standard will affect the County’s plans that are affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan, as described in Note 7.

Under the new Statement, in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting, the County will be required to recognize a liability equal to the net pension liability, which is defined as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service (total pension liability), less the amount of the pension plan’s fiduciary net position.

Additionally, this Statement requires that actuarial valuations of the total pension liability are required to be performed at least every two years, as well as identifies the actuarial cost methods and certain other assumptions and requirements that must be used in the preparation of the actuarial valuation.

The County is required to implement this statement for the year ending November 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	\$ 24,385,970	\$ 24,385,970	\$ 21,953,437	\$ (2,432,533)
Licenses and permits	973,000	973,000	962,504	(10,496)
Fines and forfeitures	1,211,500	1,211,500	1,074,477	(137,023)
Grants, contributions, and intergovernmental	3,534,553	3,781,133	3,549,859	(231,274)
Property taxes	36,405,000	36,405,000	36,698,207	293,207
Sales taxes	8,461,000	8,461,000	9,051,897	590,897
State income taxes	5,625,000	5,625,000	5,749,691	124,691
Tax transfer stamps	1,200,000	1,230,000	1,258,599	28,599
Other taxes	1,775,000	1,775,000	1,895,305	120,305
Investment income	111,600	111,600	104,504	(7,096)
Miscellaneous	291,000	291,000	222,635	(68,365)
Total Revenues	<u>83,973,623</u>	<u>84,250,203</u>	<u>82,521,115</u>	<u>(1,729,088)</u>
EXPENDITURES				
Current				
General and administrative	28,939,591	28,971,017	26,421,403	2,549,614
Community development	1,339,710	1,561,463	1,479,655	81,808
Public safety	32,746,279	33,274,525	32,083,744	1,190,781
Judiciary and court related	9,751,384	9,918,214	9,669,625	248,589
Public health and welfare	6,814,097	6,974,085	6,317,957	656,128
Capital outlay	764,899	3,479,053	1,494,851	1,984,202
Debt service				
Principal retirement	964,865	964,865	894,976	69,889
Interest and fiscal charges	75,359	75,359	71,470	3,889
Total Expenditures	<u>81,396,184</u>	<u>85,218,581</u>	<u>78,433,681</u>	<u>6,784,900</u>
Excess (deficiency) of revenues over expenditures	<u>2,577,439</u>	<u>(968,378)</u>	<u>4,087,434</u>	<u>5,055,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,920	80,920	22,605	(58,315)
Transfers out	(4,520,069)	(5,069,775)	(4,897,935)	171,840
Capital leases issued	-	122,937	116,726	(6,211)
Total Other Financing Sources (Uses)	<u>(4,439,149)</u>	<u>(4,865,918)</u>	<u>(4,758,604)</u>	<u>107,314</u>
Net Change in Fund Balance	<u>\$ (1,861,710)</u>	<u>\$ (5,834,296)</u>	<u>(671,170)</u>	<u>\$ 5,163,126</u>
Fund Balance - Beginning of Year			<u>53,895,390</u>	
Fund Balance - End of Year			<u>\$ 53,224,220</u>	

See Independent Auditors' Report and accompanying notes to required supplementary information.

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY MENTAL HEALTH FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 379,684	\$ 699,009	\$ 565,711	\$ (133,298)
Property taxes	12,779,995	12,779,995	12,674,139	(105,856)
Investment income	9,000	9,000	8,310	(690)
Miscellaneous	<u>-</u>	<u>27,000</u>	<u>29,776</u>	<u>2,776</u>
Total Revenues	<u>13,168,679</u>	<u>13,515,004</u>	<u>13,277,936</u>	<u>(237,068)</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	1,728,538	2,044,685	1,870,361	174,324
Contractual services	9,793,989	10,036,595	10,849,119	(812,524)
Commodities	153,068	161,039	103,618	57,421
Capital outlay	<u>50,000</u>	<u>181,840</u>	<u>159,141</u>	<u>22,699</u>
Total Expenditures	<u>11,725,595</u>	<u>12,424,159</u>	<u>12,982,239</u>	<u>(558,080)</u>
Excess of revenues over expenditures	<u>1,443,084</u>	<u>1,090,845</u>	<u>295,697</u>	<u>(795,148)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,280	242,765	68,215	(174,550)
Transfers out	<u>(1,650,364)</u>	<u>(1,650,364)</u>	<u>(1,042,788)</u>	<u>607,576</u>
Total Other Financing Sources (Uses)	<u>(1,643,084)</u>	<u>(1,407,599)</u>	<u>(974,573)</u>	<u>433,026</u>
Net Change in Fund Balance	<u>\$ (200,000)</u>	<u>\$ (316,754)</u>	<u>(678,876)</u>	<u>\$ (362,122)</u>
Fund Balance - Beginning of Year			<u>7,770,141</u>	
Fund Balance - End of Year			<u>\$ 7,091,265</u>	

See Independent Auditors' Report and accompanying notes to required supplementary information.

County of McHenry, Illinois
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
November 30, 2012

Regular Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2011	\$ 81,297,092	\$ 102,169,163	\$ 20,872,071	79.57 %	\$ 49,642,272	42.04 %
12/31/2010	78,797,858	97,995,090	19,197,232	80.41	48,863,841	39.29
12/31/2009	74,806,316	91,280,346	16,474,030	81.95	47,235,973	34.88
12/31/2008	69,717,859	82,892,396	13,174,537	84.11	44,550,297	29.57
12/31/2007	81,125,258	80,139,699	(985,559)	101.23	41,301,574	(2.39)
12/31/2006	72,662,657	72,898,658	236,001	99.68	37,686,288	0.63
12/31/2005	64,315,033	65,315,467	1,000,434	98.47	34,406,368	2.91
12/31/2004	60,393,684	63,333,487	2,939,803	95.36	32,248,235	9.12
12/31/2003	57,414,076	55,692,335	(1,721,741)	103.09	28,791,841	(5.98)
12/31/2002	54,731,222	49,994,236	(4,736,986)	109.48	26,720,024	(17.73)

Sheriff's Law Enforcement Personnel Plan (SLEP)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2011	\$ 27,148,406	\$ 53,163,644	\$ 26,015,238	51.07 %	\$ 11,809,523	220.29 %
12/31/2010	26,503,330	50,979,092	24,475,762	51.99	12,052,832	203.07
12/31/2009	25,980,534	48,426,943	22,446,409	53.65	11,593,816	193.61
12/31/2008	21,943,584	43,151,340	21,207,756	50.85	11,099,363	191.07
12/31/2007	28,010,321	41,050,615	13,040,294	68.23	10,739,633	121.42
12/31/2006	23,537,231	37,103,030	13,565,799	63.44	10,119,707	134.05
12/31/2005	23,063,831	35,063,778	11,999,947	65.78	9,711,808	123.56
12/31/2004	21,752,530	31,037,611	9,285,081	70.08	9,452,233	98.23
12/31/2003	24,403,588	29,950,460	5,546,872	81.48	8,762,956	63.30
12/31/2002	24,463,263	29,539,503	5,076,240	82.82	8,233,075	61.66

Conservation District Plan (Component Unit)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
12/31/2011	\$ 5,837,449	\$ 8,726,340	\$ 2,888,891	66.89 %	\$ 4,160,902	69.43 %
12/31/2010	5,321,250	7,966,498	2,645,248	66.80	4,086,677	64.73
12/31/2009	4,546,970	7,288,433	2,741,463	62.39	4,089,649	67.03
12/31/2008	4,007,472	6,142,502	2,135,030	65.24	3,669,347	58.19
12/31/2007	3,779,647	5,542,087	1,762,440	68.20	3,388,994	52.00
12/31/2006	3,106,899	4,756,881	1,649,982	65.31	3,038,721	54.30
12/31/2005	3,020,937	4,511,798	1,490,861	66.96	2,948,830	50.56
12/31/2004	2,514,944	3,716,034	1,201,090	67.68	2,540,270	47.28
12/31/2003	2,094,537	3,179,461	1,084,924	65.88	2,357,941	46.01
12/31/2002	1,897,867	2,820,714	922,847	67.28	2,150,203	42.92

See Independent Auditors' Report and accompanying notes to required supplementary information.

County of McHenry, Illinois
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
November 30, 2012

County Plan							UAAL as a
Actuarial	(1)	(2)	(2)-(1)	(1)/(2)	(3)	Percentage of	
Valuation	Actuarial	Actuarial Accrued	Unfunded	Funded	Covered	Covered	
Date	Value of	Liability (AAL)	AAL	Ratio	Payroll	Payroll	
	Assets	Entry Age	(UAAL)			((2-1)/3)	
8/1/2009	\$ -	\$ 14,687,870	\$ 14,687,870	- %	\$ 62,919,438	23.34 %	
8/1/2007	-	12,127,965	12,127,965	-	55,354,688	21.91	
District Plan							UAAL as a
Actuarial	(1)	(2)	(2)-(1)	(1)/(2)	(3)	Percentage of	
Valuation	Actuarial	Actuarial Accrued	Unfunded	Funded	Covered	Covered	
Date	Value of	Liability (AAL)	AAL	Ratio	Payroll	Payroll	
	Assets	Entry Age	(UAAL)			((2-1)/3)	
3/31/2012	\$ -	\$ 145,721	\$ 145,721	- %	\$ 4,160,902	3.50 %	
3/31/2009	-	131,224	131,224	- %	4,046,737	3.24 %	

See Independent Auditors' Report and accompanying notes to required supplementary information.

County of McHenry, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
November 30, 2012

Note 1 – Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. All unexpended annual appropriations lapse at fiscal year-end.

Note 2 – Excess of Expenditures Over Appropriations

No major funds had an excess of expenditures over appropriations for fiscal year 2012.

Note 3 – IMRF Information

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$77,363,328 for the Regular Plan, \$25,148,831 for the SLEP Plan, and \$5,594,808 for the District Plan. On a market basis, the funded ratio would be 75.72% for the Regular Plan, 47.30% for the SLEP Plan, and 64.11% for the District Plan.

See Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

To account for and report all financial resources not accounted for and reported in another fund.

County of McHenry, Illinois
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
CHARGES FOR SERVICES				
General and Administrative				
County clerk fees	\$ 190,000	\$ 190,000	\$ 168,409	\$ (21,591)
Tax redemption fees	180,000	180,000	168,106	(11,894)
Recording fees	1,200,000	1,200,000	1,217,758	17,758
Penalties/fees on delinquent taxes	1,800,000	1,800,000	1,803,537	3,537
Cable television franchise fees	440,000	440,000	513,116	73,116
Assessor's salary reimbursement	53,000	53,000	51,500	(1,500)
Other fees and charges	11,722	11,722	10,647	(1,075)
Community Development				
Subdivision review fees	5,000	5,000	603	(4,397)
Flood plain investigation fees	60,000	60,000	75,242	15,242
Maps and publications fees	2,000	2,000	1,222	(778)
Solid waster tipping fees	21,000	21,000	21,000	-
Other fees and charges	11,500	11,500	12,952	1,452
Public Safety				
Sheriff fees - circuit court	400,000	400,000	408,572	8,572
Sheriff fees - photocopies	5,000	5,000	7,800	2,800
Sheriff fees - foreign courts	52,000	52,000	41,596	(10,404)
Foreclosures	45,000	45,000	54,194	9,194
Court security fees	800,000	800,000	729,462	(70,538)
Jail space rental	11,500,000	11,500,000	9,559,268	(1,940,732)
Payphones	300,000	300,000	144,584	(155,416)
Dispatching fee	250,000	250,000	196,306	(53,694)
Squad car replacement fee	34,000	34,000	29,047	(4,953)
Sheriff salary reimbursement	47,000	47,000	57,432	10,432
Other fees and charges	81,442	81,442	85,205	3,763
Judiciary and Court Related				
10% bond earnings	368,000	368,000	387,069	19,069
Circuit clerk fees	3,718,000	3,718,000	3,513,712	(204,288)
County court fees	240,000	240,000	220,281	(19,719)
Court services salary reimbursements	620,768	620,768	673,120	52,352
State's attorney salary reimbursements	149,858	149,858	204,959	55,101
State's attorney fees	80,000	80,000	74,103	(5,897)
Public aid	65,000	65,000	22,373	(42,627)
Periodic imprisonment fees	19,500	19,500	17,370	(2,130)
Public defender salary reimbursement	99,955	99,955	141,517	41,562
Public defenders fees	80,000	80,000	52,110	(27,890)
Other fees and charges	88,100	88,100	62,077	(26,023)

(Continued)

County of McHenry, Illinois
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CHARGES FOR SERVICES (Continued)				
Public Health and Welfare				
Animal control tags	\$ 625,000	\$ 625,000	\$ 679,841	\$ 54,841
Veterinary fees	63,000	63,000	53,653	(9,347)
Nursing fees	118,000	118,000	81,261	(36,739)
Health review fees	5,000	5,000	6,450	1,450
Health promotion	15,000	15,000	12,916	(2,084)
Vital record fees	58,000	58,000	60,389	2,389
Subdivision review fees	4,000	4,000	362	(3,638)
Medicare	85,000	85,000	9,215	(75,785)
Public aid	205,000	205,000	161,505	(43,495)
Private pay	10,000	10,000	1,564	(8,436)
Vision and hearing fees	50,000	50,000	38,496	(11,504)
Other fees and charges	130,125	130,125	121,536	(8,589)
Total Charges for Services	<u>24,385,970</u>	<u>24,385,970</u>	<u>21,953,437</u>	<u>(2,432,533)</u>
LICENSES AND PERMITS				
General and Administrative				
Liquor licenses	115,000	115,000	105,900	(9,100)
Amusement licenses	11,000	11,000	10,046	(954)
Community Development				
Building permits	225,000	225,000	250,861	25,861
Zoning permits	75,000	75,000	61,843	(13,157)
Public Health and Welfare				
Septic and well permits	85,000	85,000	69,410	(15,590)
Health licenses	450,000	450,000	448,644	(1,356)
Hauler license fees	12,000	12,000	15,800	3,800
Total Licenses and Permits	<u>973,000</u>	<u>973,000</u>	<u>962,504</u>	<u>(10,496)</u>
FINES AND FORFEITURES				
Community Development				
Planning fines	15,000	15,000	4,718	(10,282)
Judiciary and Court Related				
Fines and bond forfeitures	1,034,500	1,034,500	931,571	(102,929)
County drug fines	123,000	123,000	102,870	(20,130)
Public Health and Welfare				
Veterinary fines	39,000	39,000	35,318	(3,682)
Total Fines and Forfeitures	<u>1,211,500</u>	<u>1,211,500</u>	<u>1,074,477</u>	<u>(137,023)</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GRANTS, CONTRIBUTIONS, AND INTERGOVERNMENTAL				
General and Administrative				
Election-related grants	\$ 55,000	\$ 55,000	\$ 43,290	\$ (11,710)
Other grants	-	-	60,981	60,981
Community Development				
Planning and development grants	-	-	71,204	71,204
Public Safety				
Sheriff's Office - grants	-	108,195	165,228	57,033
Emergency Management - grants	90,861	111,583	105,569	(6,014)
Judiciary and Court Related				
Dependent children care reimbursements	25,000	25,000	-	(25,000)
Dependent children/parent reimbursements	30,000	30,000	32,108	2,108
State's Attorney - grants	23,535	23,535	23,535	-
Court Administration - grants	37,500	37,500	8,570	(28,930)
Public Health and Welfare				
Health department grants -				
Nursing	2,574,169	2,606,169	2,605,575	(594)
Environmental Administration	146,488	232,151	195,761	(36,390)
IDPH vaccines	52,000	52,000	53,336	1,336
	<u>500,000</u>	<u>500,000</u>	<u>184,702</u>	<u>(315,298)</u>
Total Grants, Contributions, and Intergovernmental	<u>3,534,553</u>	<u>3,781,133</u>	<u>3,549,859</u>	<u>(231,274)</u>
PROPERTY TAXES	<u>36,405,000</u>	<u>36,405,000</u>	<u>36,698,207</u>	<u>293,207</u>
SALES TAXES	<u>8,461,000</u>	<u>8,461,000</u>	<u>9,051,897</u>	<u>590,897</u>
STATE INCOME TAXES	<u>5,625,000</u>	<u>5,625,000</u>	<u>5,749,691</u>	<u>124,691</u>
TAX TRANSFER STAMPS	<u>1,200,000</u>	<u>1,230,000</u>	<u>1,258,599</u>	<u>28,599</u>
OTHER TAXES				
Local use tax	1,000,000	1,000,000	1,021,863	21,863
Personal property replacement tax	625,000	625,000	613,992	(11,008)
Inheritance tax	50,000	50,000	172,221	122,221
Off track betting	100,000	100,000	87,229	(12,771)
Total Other Taxes	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,895,305</u>	<u>120,305</u>
INVESTMENT INCOME				
Interest	<u>111,600</u>	<u>111,600</u>	<u>104,504</u>	<u>(7,096)</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
MISCELLANEOUS				
General and Administrative				
Tax sale indemnity proceeds	\$ 235,000	\$ 235,000	\$ 154,523	\$ (80,477)
Proceeds from sale of capital assets	40,000	40,000	40,690	690
Other income	<u>16,000</u>	<u>16,000</u>	<u>27,422</u>	<u>11,422</u>
Total Miscellaneous	<u>291,000</u>	<u>291,000</u>	<u>222,635</u>	<u>(68,365)</u>
TOTAL REVENUES	<u>\$ 83,973,623</u>	<u>\$ 84,250,203</u>	<u>\$ 82,521,115</u>	<u>\$ (1,729,088)</u>

(Concluded)

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL AND ADMINISTRATIVE				
Administration				
Personnel services	\$ 509,389	\$ 557,457	\$ 557,456	\$ 1
Contractual services	138,594	162,094	161,038	1,056
Commodities	19,356	14,811	10,509	4,302
Total Administration	<u>667,339</u>	<u>734,362</u>	<u>729,003</u>	<u>5,359</u>
Auditor				
Personnel services	332,656	334,779	334,779	-
Contractual services	6,400	6,700	6,635	65
Commodities	12,549	12,249	8,150	4,099
Total Auditor	<u>351,605</u>	<u>353,728</u>	<u>349,564</u>	<u>4,164</u>
County Board and Liquor Commission				
Personnel services	605,224	605,224	590,914	14,310
Contractual services	68,682	68,477	64,762	3,715
Commodities	39,250	28,250	27,035	1,215
Total County Board and Liquor Commission	<u>713,156</u>	<u>701,951</u>	<u>682,711</u>	<u>19,240</u>
County Clerk				
Personnel services	407,813	423,281	423,281	-
Contractual services	7,050	6,000	4,669	1,331
Commodities	9,100	7,360	4,972	2,388
Total County Clerk	<u>423,963</u>	<u>436,641</u>	<u>432,922</u>	<u>3,719</u>
County Clerk - Elections				
Personnel services	649,876	679,518	679,169	349
Contractual services	264,850	289,850	289,869	(19)
Commodities	313,500	371,290	368,901	2,389
Total County Clerk - Elections	<u>1,228,226</u>	<u>1,340,658</u>	<u>1,337,939</u>	<u>2,719</u>
Educational Service Region				
Personnel services	169,677	169,677	159,809	9,868
Contractual services	12,300	12,300	9,050	3,250
Commodities	12,500	12,500	7,365	5,135
Total Educational Service Region	<u>194,477</u>	<u>194,477</u>	<u>176,224</u>	<u>18,253</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL AND ADMINISTRATIVE (Continued)				
Facilities Management				
Personnel services	\$ 1,095,956	\$ 1,147,555	\$ 1,147,554	\$ 1
Contractual services	1,791,966	1,773,555	1,545,159	228,396
Commodities	<u>183,183</u>	<u>202,191</u>	<u>150,678</u>	<u>51,513</u>
Total Facilities Management	<u>3,071,105</u>	<u>3,123,301</u>	<u>2,843,391</u>	<u>279,910</u>
Human Resources				
Personnel services	260,699	273,029	273,029	-
Contractual services	264,130	264,130	239,036	25,094
Commodities	<u>6,250</u>	<u>6,250</u>	<u>1,342</u>	<u>4,908</u>
Total Human Resources	<u>531,079</u>	<u>543,409</u>	<u>513,407</u>	<u>30,002</u>
Information Technology				
Personnel services	1,688,711	1,691,251	1,691,250	1
Contractual services	1,366,879	1,463,886	1,380,648	83,238
Commodities	<u>76,477</u>	<u>83,477</u>	<u>79,361</u>	<u>4,116</u>
Total Information Technology	<u>3,132,067</u>	<u>3,238,614</u>	<u>3,151,259</u>	<u>87,355</u>
Merit Commission				
Personnel services	5,100	5,100	2,041	3,059
Contractual services	54,000	54,000	28,208	25,792
Commodities	<u>900</u>	<u>900</u>	<u>524</u>	<u>376</u>
Total Merit Commission	<u>60,000</u>	<u>60,000</u>	<u>30,773</u>	<u>29,227</u>
Purchasing				
Personnel services	242,853	242,853	232,505	10,348
Contractual services	13,130	14,000	10,927	3,073
Commodities	<u>422,735</u>	<u>422,735</u>	<u>394,080</u>	<u>28,655</u>
Total Purchasing	<u>678,718</u>	<u>679,588</u>	<u>637,512</u>	<u>42,076</u>
Recorder				
Personnel services	1,051,214	1,051,214	986,632	64,582
Contractual services	34,690	34,690	26,684	8,006
Commodities	<u>845,270</u>	<u>875,270</u>	<u>875,132</u>	<u>138</u>
Total Recorder	<u>1,931,174</u>	<u>1,961,174</u>	<u>1,888,448</u>	<u>72,726</u>
Supervisor of Assessments				
Personnel services	860,382	860,575	860,575	-
Contractual services	125,675	125,675	87,013	38,662
Commodities	<u>12,500</u>	<u>12,500</u>	<u>10,015</u>	<u>2,485</u>
Total Supervisor of Assessments	<u>998,557</u>	<u>998,750</u>	<u>957,603</u>	<u>41,147</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL AND ADMINISTRATIVE (Continued)				
Treasurer				
Personnel services	\$ 492,500	\$ 498,462	\$ 498,461	\$ 1
Contractual services	64,495	64,495	64,204	291
Commodities	<u>7,100</u>	<u>7,100</u>	<u>7,100</u>	<u>-</u>
Total Treasurer	<u>564,095</u>	<u>570,057</u>	<u>569,765</u>	<u>292</u>
Non-Departmental				
Personnel services	1,034,248	627,454	-	627,454
Contractual services	13,345,232	13,371,619	12,094,096	1,277,523
Commodities	<u>14,550</u>	<u>35,234</u>	<u>26,786</u>	<u>8,448</u>
Total Non-Departmental	<u>14,394,030</u>	<u>14,034,307</u>	<u>12,120,882</u>	<u>1,913,425</u>
Total General and Administrative	<u>28,939,591</u>	<u>28,971,017</u>	<u>26,421,403</u>	<u>2,549,614</u>
COMMUNITY DEVELOPMENT				
Planning and Development				
Personnel services	1,152,800	1,179,341	1,179,341	-
Contractual services	124,930	319,644	256,445	63,199
Commodities	<u>61,980</u>	<u>62,478</u>	<u>43,869</u>	<u>18,609</u>
Total Planning and Development	<u>1,339,710</u>	<u>1,561,463</u>	<u>1,479,655</u>	<u>81,808</u>
Total Community Development	<u>1,339,710</u>	<u>1,561,463</u>	<u>1,479,655</u>	<u>81,808</u>
PUBLIC SAFETY				
County Sheriff				
Personnel services	27,554,227	27,614,975	26,955,510	659,465
Contractual services	3,462,371	3,472,613	3,278,842	193,771
Commodities	<u>989,546</u>	<u>1,246,947</u>	<u>947,564</u>	<u>299,383</u>
Total County Sheriff	<u>32,006,144</u>	<u>32,334,535</u>	<u>31,181,916</u>	<u>1,152,619</u>
Emergency Management				
Personnel services	205,425	212,572	212,571	1
Contractual services	30,350	39,812	22,935	16,877
Commodities	<u>17,600</u>	<u>34,846</u>	<u>26,018</u>	<u>8,828</u>
Total Emergency Management	<u>253,375</u>	<u>287,230</u>	<u>261,524</u>	<u>25,706</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC SAFETY (Continued)				
County Coroner				
Personnel services	\$ 332,653	\$ 482,653	\$ 471,053	\$ 11,600
Contractual services	137,675	150,500	150,320	180
Commodities	16,432	19,607	18,931	676
Total County Coroner	<u>486,760</u>	<u>652,760</u>	<u>640,304</u>	<u>12,456</u>
Total Public Safety	<u>32,746,279</u>	<u>33,274,525</u>	<u>32,083,744</u>	<u>1,190,781</u>
JUDICIARY AND COURT RELATED				
Clerk of the Circuit Court				
Personnel services	1,894,833	1,904,889	1,904,888	1
Contractual services	29,450	29,450	29,428	22
Commodities	26,150	26,150	25,924	226
Total Clerk of the Circuit Court	<u>1,950,433</u>	<u>1,960,489</u>	<u>1,960,240</u>	<u>249</u>
Court Administration				
Personnel services	423,366	423,814	423,813	1
Contractual services	703,500	678,202	556,394	121,808
Commodities	64,700	104,998	101,413	3,585
Total Court Administration	<u>1,191,566</u>	<u>1,207,014</u>	<u>1,081,620</u>	<u>125,394</u>
Court Services				
Personnel services	2,303,719	2,382,330	2,382,330	-
Contractual services	471,100	471,100	366,995	104,105
Commodities	26,300	26,300	22,795	3,505
Total Court Services	<u>2,801,119</u>	<u>2,879,730</u>	<u>2,772,120</u>	<u>107,610</u>
Public Defender				
Personnel services	901,353	941,702	941,701	1
Contractual services	10,550	10,550	6,616	3,934
Commodities	9,929	9,929	6,799	3,130
Total Public Defender	<u>921,832</u>	<u>962,181</u>	<u>955,116</u>	<u>7,065</u>
State's Attorney				
Personnel services	2,653,158	2,675,524	2,675,522	2
Contractual services	190,276	183,276	179,848	3,428
Commodities	43,000	50,000	45,159	4,841
Total State's Attorney	<u>2,886,434</u>	<u>2,908,800</u>	<u>2,900,529</u>	<u>8,271</u>
Total Judiciary and Court Related	<u>9,751,384</u>	<u>9,918,214</u>	<u>9,669,625</u>	<u>248,589</u>

(Continued)

County of McHenry, Illinois
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC HEALTH AND WELFARE				
Health Department				
Personnel services	\$ 5,138,022	\$ 5,178,162	\$ 5,119,527	\$ 58,635
Contractual services	644,473	692,502	546,929	145,573
Commodities	<u>1,031,602</u>	<u>1,103,421</u>	<u>651,501</u>	<u>451,920</u>
Total Health Department	<u>6,814,097</u>	<u>6,974,085</u>	<u>6,317,957</u>	<u>656,128</u>
Total Public Health and Welfare	<u>6,814,097</u>	<u>6,974,085</u>	<u>6,317,957</u>	<u>656,128</u>
Total Expenditures - Current	<u>79,591,061</u>	<u>80,699,304</u>	<u>75,972,384</u>	<u>4,726,920</u>
CAPITAL OUTLAY	<u>764,899</u>	<u>3,479,053</u>	<u>1,494,851</u>	<u>1,984,202</u>
DEBT SERVICE				
Principal retirement	964,865	964,865	894,976	69,889
Interest and fiscal charges	<u>75,359</u>	<u>75,359</u>	<u>71,470</u>	<u>3,889</u>
Total Debt Service	<u>1,040,224</u>	<u>1,040,224</u>	<u>966,446</u>	<u>73,778</u>
TOTAL EXPENDITURES	<u>\$ 81,396,184</u>	<u>\$ 85,218,581</u>	<u>\$ 78,433,681</u>	<u>\$ 6,784,900</u>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS -
COMBINING STATEMENTS**

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
November 30, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
ASSETS					
Cash and equivalents	\$ 101,735,575	\$ 5,422	\$ 74,462	\$ 801,881	\$ 102,617,340
Property taxes receivable	23,575,000	-	-	-	23,575,000
Other receivables	1,165,906	-	-	-	1,165,906
Due from other governments	7,285,817	-	-	-	7,285,817
Due from other funds	1,186,875	-	-	-	1,186,875
Inventory	537,982	-	-	-	537,982
TOTAL ASSETS	<u>\$ 135,487,155</u>	<u>\$ 5,422</u>	<u>\$ 74,462</u>	<u>\$ 801,881</u>	<u>\$ 136,368,920</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 5,163,138	\$ 175	\$ 10,058	\$ -	\$ 5,173,371
Accrued payroll	1,732,152	-	-	-	1,732,152
Deferred revenues	26,166,473	-	-	-	26,166,473
Due to other funds	1,594,707	-	-	1,220	1,595,927
Advance from other funds	881,454	-	-	-	881,454
Total Liabilities	<u>35,537,924</u>	<u>175</u>	<u>10,058</u>	<u>1,220</u>	<u>35,549,377</u>
Fund Balances (Deficit)					
Nonspendable	537,982	-	-	800,661	1,338,643
Restricted	98,131,982	5,247	64,404	-	98,201,633
Committed	1,883,704	-	-	-	1,883,704
Unassigned	(604,437)	-	-	-	(604,437)
Total Fund Balances	<u>99,949,231</u>	<u>5,247</u>	<u>64,404</u>	<u>800,661</u>	<u>100,819,543</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 135,487,155</u>	<u>\$ 5,422</u>	<u>\$ 74,462</u>	<u>\$ 801,881</u>	<u>\$ 136,368,920</u>

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended November 30, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
REVENUES					
Charges for services	\$ 4,718,062	\$ -	\$ -	\$ -	\$ 4,718,062
Licenses and permits	95,128	-	-	-	95,128
Fines and forfeitures	21,128	-	-	-	21,128
Grants, contributions, and intergovernmental	19,182,085	-	-	-	19,182,085
Property taxes	22,834,129	-	-	-	22,834,129
Sales taxes	8,984,724	-	-	-	8,984,724
Other taxes	111,342	-	-	-	111,342
Investment income	190,399	-	552	1,313	192,264
Miscellaneous	257,733	-	-	-	257,733
Total Revenues	56,394,730	-	552	1,313	56,396,595
EXPENDITURES					
Current					
General and administrative	5,387,394	95,451	-	-	5,482,845
Community development	2,755,327	-	-	-	2,755,327
Transportation	18,672,852	-	-	-	18,672,852
Public safety	4,958,026	-	-	-	4,958,026
Judiciary and court related	4,165,712	-	-	-	4,165,712
Public health and welfare	9,135,542	-	-	-	9,135,542
Capital outlay	10,158,776	-	423,967	-	10,582,743
Debt service					
Principal retirement	46,743	12,790,000	-	-	12,836,743
Interest and fiscal charges	1,314	2,472,355	-	-	2,473,669
Total Expenditures	55,281,686	15,357,806	423,967	-	71,063,459
Excess (deficiency) of revenues over expenditures	<u>1,113,044</u>	<u>(15,357,806)</u>	<u>(423,415)</u>	<u>1,313</u>	<u>(14,666,864)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,519,829	10,804,598	-	-	24,324,427
Transfers out	(18,473,304)	-	-	(1,220)	(18,474,524)
Refunding debt certificates issued	-	5,465,000	-	-	5,465,000
Premium on debt issuance	-	166,455	-	-	166,455
Payment to bond escrow agent	-	(1,073,000)	-	-	(1,073,000)
Capital leases issued	145,337	-	-	-	145,337
Total Other Financing Sources (Uses)	(4,808,138)	15,363,053	-	(1,220)	10,553,695
Net Change in Fund Balances	(3,695,094)	5,247	(423,415)	93	(4,113,169)
Fund Balances - Beginning of Year	<u>103,644,325</u>	<u>-</u>	<u>487,819</u>	<u>800,568</u>	<u>104,932,712</u>
Fund Balances - End of Year	<u>\$ 99,949,231</u>	<u>\$ 5,247</u>	<u>\$ 64,404</u>	<u>\$ 800,661</u>	<u>\$ 100,819,543</u>

NONMAJOR SPECIAL REVENUE FUNDS

Veterans' Assistance Commission Bus Fund – to account for expenditures related to the purchase of buses used to transport veterans.

Veterans' Assistance Commission Fund – to account for expenditures to assist veterans. Revenue is from property taxes.

Illinois Municipal Retirement Fund – To account for expenditures for municipal retirement expenses for the County's employees. Revenue is primarily from property taxes.

Social Security Fund – to account for expenditures related to Social Security payments to the United States government. Revenue is primarily from property taxes.

Coroner's Fund - to account for fees collected by the Coroner that are restricted for certain expenditures of the Coroner's Office.

County Highway Fund – to account for expenditures for highway maintenance and construction. Revenues are primarily from property taxes and charges for services.

Matching Fund – to account for expenditures for road construction. Revenue is from property taxes.

County Bridge Fund – to account for expenditures to construct and maintain County bridges. Revenue is from property taxes.

County Option Motor Fuel Tax Fund – To account for the collection of an optional gasoline tax to be used for road maintenance and repair.

Tuberculosis Care and Treatment Fund – to account for expenditures for the administration of the tuberculosis care program. Revenue is from property taxes.

Maintenance and Child Support Collection Fund – to account for fees charged to obligors to process child support payments.

County Clerk Automation Fund – to account for fees collected to be used for the automation of the County Clerk's Office.

Recorder Automation Fund – to account for Recorder's automation fees to be used to improve the capabilities of the Recorder's office through the application of new technology.

Animal Shelter Fund – to account for expenditures for the maintenance of the animal shelter. Revenue is primarily from donations and contributions.

County Treasurer Automation Fund – to account for the collection of a fee for the upgrading of equipment and programs necessary to assist in the collection and distribution of taxes. The funds are also used for advanced recordkeeping and to microfiche all office records.

Workforce Network Fund – to account for funds received under the Workforce Investment Act (WIA) used for various employment and training programs and services, which help eligible individuals become economically self-sufficient.

Law Library Fund – to account for the operations of the law library. Revenues are from a fee charged on civil court cases.

Special Courts Fund – to account for the activities of the Mental Health Court and the Drug Court. Revenues are primarily from judiciary and court related fees.

Mental Health Grant Fund – to account for funds made available through the Title XX and Community Services Block Grant programs and various other grant programs through the Illinois Departments of Human Services and Children and Family Services.

Circuit Court Document Storage Fund – to account for the collection of document storage fees to be used to establish and maintain a document storage system in the office of the Clerk of the Circuit Court.

Probation Service Fee Fund – to account for probation service fees collected from persons sentenced to probation.

HUD Grants Fund – to account for grant funds received from the U.S. Department of Housing and Urban Development (HUD). Grant programs include Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP), and Homelessness Prevention and Rapid Re-Housing Program (HPRP). Funds are used to assist communities in meeting their greatest economic and community development needs, with an emphasis upon persons with low to moderate income.

Dental Care Clinic Fund – to account for funds used in the operation of the County Dental Care Clinic.

Circuit Court Automation Fund – to account for the collection of court automation fees to be used to establish and maintain automated recordkeeping systems of the Clerk of the Circuit Court.

Illinois Criminal Justice Authority Fund – to account for funds used in the Multi-Jurisdictional Drug Prosecution Program. This program is designed to prosecute all felony narcotics cases, including any correlative forfeiture actions.

Circuit Court Admin Fund – to account for fees that are restricted to the Circuit Clerk's Office.

EMDT Fund – to account for funds used for the purpose of providing drug and alcohol testing along with electronic monitoring services.

Treasurer's Passport Services Fund – to account for the collection of fees and processing of passport applications in the Treasurer's Office.

State's Attorney Automation Fund – to account for the collection of a fee to be used to establish and maintain automated recordkeeping systems of the Office of the State's Attorney.

DUI Conviction Fund – to account for DUI conviction fines allocated to the County by the Illinois vehicle code to be used for the procurement of law enforcement equipment.

Geographic Information Systems Fund – to account for the collection of fees to be used for the implementation and maintenance of the County's Geographic Information System.

Revolving Loan Fund – to account for monies received from the State of Illinois for community development loans under the Community Development Block Grant Program. The principal and interest repaid on these loans is kept by the County and used to make new community development loans.

Health Scholarship Fund – to account for monies donated for use by the County Board and the Health Department for support of a Public Health Scholarship and research activities.

Senior Services Fund – to account for the revenues and expenditures of the social services – senior citizens tax levy.

RTA Sales Tax Fund – to account for the collection of a sales tax, which is restricted for use on transportation programs.

Public Building Commission Fund – to account for the activities of the Public Building Commission (blended component unit).

Insurance Loss Fund – to account for general liability, property, worker’s compensation, and unemployment compensation insurance premiums and claims. Revenue is primarily from property taxes.

Circuit Clerk Electronic Citation Fund – to account for fees that are restricted to the Circuit Clerk's Office.

Motor Fuel Tax Fund – to account for allotments received from the State of Illinois and expenditures for highway construction and maintenance.

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Veterans' Assistance Commission Bus Fund	Veterans' Assistance Commission Fund	Illinois Municipal Retirement Fund	Social Security Fund
ASSETS				
Cash and equivalents	\$ 6,327	\$ 829,002	\$ 1,831,537	\$ 2,431,851
Property taxes receivable	-	400,000	5,250,000	3,800,000
Other receivables	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	5,000	-	-
Inventory	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 6,327	\$ 1,234,002	\$ 7,081,537	\$ 6,231,851
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ -	\$ 6,907	\$ -	\$ -
Accrued payroll	-	7,142	1,223,162	169,072
Deferred revenues	-	400,000	5,250,000	3,800,000
Due to other funds	-	2,249	-	-
Advance from other funds	-	-	-	-
	-	-	-	-
Total Liabilities	-	416,298	6,473,162	3,969,072
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	6,327	817,704	608,375	2,262,779
Committed	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
Total Fund Balances (Deficit)	6,327	817,704	608,375	2,262,779
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 6,327	\$ 1,234,002	\$ 7,081,537	\$ 6,231,851

Coroner's Fund	County Highway Fund	Matching Fund	County Bridge Fund	County Option Motor Fuel Tax Fund	Tuberculosis Care and Treatment Fund
\$ 22,800	\$ 5,769,283	\$ 14,495,356	\$ 5,429,939	\$ 12,463,243	\$ 687,088
-	6,600,000	1,250,000	1,250,000	-	250,000
-	117,142	2,342	-	2,306	-
-	1,153,437	220,236	213,703	1,028,360	-
-	947,095	-	-	-	-
-	21,702	-	-	-	-
<u>\$ 22,800</u>	<u>\$ 14,608,659</u>	<u>\$ 15,967,934</u>	<u>\$ 6,893,642</u>	<u>\$ 13,493,909</u>	<u>\$ 937,088</u>
\$ 6,028	\$ 750,634	\$ 448,608	\$ 149,774	\$ 316,927	\$ 2,881
-	143,611	-	-	-	8,281
-	7,555,510	1,272,601	1,431,535	6,942	250,000
-	171,490	-	-	-	4,682
-	-	-	-	-	-
<u>6,028</u>	<u>8,621,245</u>	<u>1,721,209</u>	<u>1,581,309</u>	<u>323,869</u>	<u>265,844</u>
-	21,702	-	-	-	-
16,772	5,965,712	14,246,725	5,312,333	13,170,040	671,244
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,772</u>	<u>5,987,414</u>	<u>14,246,725</u>	<u>5,312,333</u>	<u>13,170,040</u>	<u>671,244</u>
<u>\$ 22,800</u>	<u>\$ 14,608,659</u>	<u>\$ 15,967,934</u>	<u>\$ 6,893,642</u>	<u>\$ 13,493,909</u>	<u>\$ 937,088</u>

(Continued)

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Maintenance and Child Support Collection Fund	County Clerk Automation Fund	Recorder Automation Fund	Animal Shelter Fund
ASSETS				
Cash and equivalents	\$ 185,434	\$ 80,993	\$ 1,688,405	\$ 23,696
Property taxes receivable	-	-	-	-
Other receivables	-	-	599	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 185,434</u>	<u>\$ 80,993</u>	<u>\$ 1,689,004</u>	<u>\$ 23,696</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ -	\$ 208	\$ 15,611	\$ -
Accrued payroll	-	-	9,128	-
Deferred revenues	-	-	366	-
Due to other funds	235	-	3,520	-
Advance from other funds	-	-	-	-
Total Liabilities	<u>235</u>	<u>208</u>	<u>28,625</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	185,199	80,785	1,660,379	23,696
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	<u>185,199</u>	<u>80,785</u>	<u>1,660,379</u>	<u>23,696</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 185,434</u>	<u>\$ 80,993</u>	<u>\$ 1,689,004</u>	<u>\$ 23,696</u>

County Treasurer Automation Fund	Workforce Network Fund	Law Library Fund	Special Courts Fund	Mental Health Grant Fund	Circuit Court Document Storage Fund
\$ 346,248	\$ 254,154	\$ 462,076	\$ 572,991	\$ 496,180	\$ 185,953
-	-	-	-	-	-
-	-	-	14,211	-	-
-	1,666,047	-	7,025	23,999	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 346,248</u>	<u>\$ 1,920,201</u>	<u>\$ 462,076</u>	<u>\$ 594,227</u>	<u>\$ 520,179</u>	<u>\$ 185,953</u>
\$ 778	\$ 59,514	\$ 24,269	\$ 3,479	\$ 83,501	\$ 1,220
141	42,335	5,071	14,371	9,631	6,342
-	1,419,557	-	4,042	-	-
-	15,378	1,819	7,383	395,255	-
-	-	-	-	-	658,214
<u>919</u>	<u>1,536,784</u>	<u>31,159</u>	<u>29,275</u>	<u>488,387</u>	<u>665,776</u>
-	-	-	-	-	-
345,329	383,417	430,917	564,952	31,792	-
-	-	-	-	-	-
-	-	-	-	-	(479,823)
<u>345,329</u>	<u>383,417</u>	<u>430,917</u>	<u>564,952</u>	<u>31,792</u>	<u>(479,823)</u>
<u>\$ 346,248</u>	<u>\$ 1,920,201</u>	<u>\$ 462,076</u>	<u>\$ 594,227</u>	<u>\$ 520,179</u>	<u>\$ 185,953</u>

(Continued)

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Probation Service Fee Fund	HUD Grants Fund	Dental Care Clinic Fund	Circuit Court Automation Fund
ASSETS				
Cash and equivalents	\$ 822,359	\$ 139,469	\$ 425,934	\$ 114,521
Property taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	-	297,492	41,525	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	\$ 822,359	\$ 436,961	\$ 467,459	\$ 114,521
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ 17,876	\$ 422,753	\$ 6,216	\$ 1,668
Accrued payroll	820	9,755	14,891	12,826
Deferred revenues	-	-	-	-
Due to other funds	4,633	4,453	5,862	1,401
Advance from other funds	-	-	-	223,240
Total Liabilities	23,329	436,961	26,969	239,135
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	799,030	-	440,490	-
Committed	-	-	-	-
Unassigned	-	-	-	(124,614)
Total Fund Balances (Deficit)	799,030	-	440,490	(124,614)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 822,359	\$ 436,961	\$ 467,459	\$ 114,521

Illinois Criminal Justice Authority Fund	Circuit Court Admin Fund	EMDT Fund	Treasurer's Passport Services Fund	State's Attorney Automation Fund	DUI Conviction Fund
\$ 1,141	\$ 158,404	\$ 46,882	\$ 199,314	\$ 7,318	\$ 68,393
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,141</u>	<u>158,404</u>	<u>46,882</u>	<u>199,314</u>	<u>7,318</u>	<u>68,393</u>
\$ -	\$ 1,778	\$ -	\$ 1,117	\$ -	\$ -
-	-	-	148	-	-
-	-	-	-	-	-
-	-	12,385	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,778</u>	<u>12,385</u>	<u>1,265</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
1,141	156,626	34,497	-	7,318	68,393
-	-	-	198,049	-	-
-	-	-	-	-	-
<u>1,141</u>	<u>156,626</u>	<u>34,497</u>	<u>198,049</u>	<u>7,318</u>	<u>68,393</u>
<u>\$ 1,141</u>	<u>\$ 158,404</u>	<u>\$ 46,882</u>	<u>\$ 199,314</u>	<u>\$ 7,318</u>	<u>\$ 68,393</u>

(Continued)

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Geographic Information Systems Fund	Revolving Loan Fund	Health Scholarship Fund	Senior Services Fund
ASSETS				
Cash and equivalents	\$ 1,784,397	\$ 709,249	\$ 6,793	\$ 3,145,681
Property taxes receivable	-	-	-	1,775,000
Other receivables	-	976,406	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 1,784,397	\$ 1,685,655	\$ 6,793	\$ 4,920,681
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ 4,299	\$ -	\$ 500	\$ 346,049
Accrued payroll	15,710	-	-	-
Deferred revenues	-	-	-	1,775,000
Due to other funds	5,290	-	-	12,499
Advance from other funds	-	-	-	-
	-	-	-	-
Total Liabilities	25,299	-	500	2,133,548
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	1,759,098	-	6,293	2,787,133
Committed	-	1,685,655	-	-
Unassigned	-	-	-	-
	-	-	-	-
Total Fund Balances (Deficit)	1,759,098	1,685,655	6,293	2,787,133
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 1,784,397	\$ 1,685,655	\$ 6,793	\$ 4,920,681

RTA Sales Tax Fund	Public Building Commission Fund	Insurance Loss Fund	Circuit Clerk Electronic Citation Fund	Motor Fuel Tax Fund	Totals
\$ 13,872,275	\$ 54,121	\$ 14,681,460	\$ 38,405	\$ 17,196,903	\$ 101,735,575
-	-	3,000,000	-	-	23,575,000
-	343	-	-	52,557	1,165,906
2,214,931	-	-	-	419,062	7,285,817
-	-	234,780	-	-	1,186,875
-	-	-	-	516,280	537,982
<u>\$ 16,087,206</u>	<u>\$ 54,464</u>	<u>\$ 17,916,240</u>	<u>\$ 38,405</u>	<u>\$ 18,184,802</u>	<u>\$ 135,487,155</u>
\$ -	\$ 1,588	\$ 30,275	\$ -	\$ 2,458,680	\$ 5,163,138
-	-	38,164	-	1,551	1,732,152
-	-	3,000,000	-	920	26,166,473
934,596	-	11,577	-	-	1,594,707
-	-	-	-	-	881,454
<u>934,596</u>	<u>1,588</u>	<u>3,080,016</u>	<u>-</u>	<u>2,461,151</u>	<u>35,537,924</u>
-	-	-	-	516,280	537,982
15,152,610	52,876	14,836,224	38,405	15,207,371	98,131,982
-	-	-	-	-	1,883,704
-	-	-	-	-	(604,437)
<u>15,152,610</u>	<u>52,876</u>	<u>14,836,224</u>	<u>38,405</u>	<u>15,723,651</u>	<u>99,949,231</u>
<u>\$ 16,087,206</u>	<u>\$ 54,464</u>	<u>\$ 17,916,240</u>	<u>\$ 38,405</u>	<u>\$ 18,184,802</u>	<u>\$ 135,487,155</u>

(Concluded)

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended November 30, 2012

	Veterans' Assistance Commission Bus Fund	Veterans' Assistance Commission Fund	Illinois Municipal Retirement Fund	Social Security Fund
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	(1,330)	-	-
Property taxes	-	357,020	4,710,588	3,262,733
Sales taxes	-	-	-	-
Other taxes	-	-	111,342	-
Investment income	9	6	3,260	3,082
Miscellaneous	101	-	-	-
Total Revenues	110	355,696	4,825,190	3,265,815
EXPENDITURES				
Current				
General and administrative	-	-	846,073	508,410
Community development	-	-	132,116	79,489
Transportation	-	-	318,782	189,274
Public safety	-	-	3,362,873	1,553,714
Judiciary and court related	-	-	928,081	549,437
Public health and welfare	-	534,705	1,166,587	759,773
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	534,705	6,754,512	3,640,097
Excess (deficiency) of revenues over expenditures	110	(179,009)	(1,929,322)	(374,282)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	110	(179,009)	(1,929,322)	(374,282)
Fund Balances (Deficit) - Beginning of Year	6,217	996,713	2,537,697	2,637,061
Fund Balances (Deficit) - End of Year	\$ 6,327	\$ 817,704	\$ 608,375	\$ 2,262,779

<u>Coroner's Fund</u>	<u>County Highway Fund</u>	<u>Matching Fund</u>	<u>County Bridge Fund</u>	<u>County Option Motor Fuel Tax Fund</u>	<u>Tuberculosis Care and Treatment Fund</u>
\$ 47,393	\$ 241	\$ -	\$ -	\$ -	\$ 10,665
-	95,128	-	-	-	-
-	-	-	-	-	-
4,000	531,828	1,057,380	557,867	4,672,354	-
-	6,346,878	1,100,838	1,031,357	-	347,172
-	-	-	-	-	-
-	-	-	-	-	-
43	6,265	23,672	7,353	19,424	934
-	105,648	-	-	50	-
<u>51,436</u>	<u>7,085,988</u>	<u>2,181,890</u>	<u>1,596,577</u>	<u>4,691,828</u>	<u>358,771</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	10,101,106	820,467	631,274	1,623,347	-
35,914	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	326,820
30,897	2,516,535	2,440,675	333,853	773,967	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>66,811</u>	<u>12,617,641</u>	<u>3,261,142</u>	<u>965,127</u>	<u>2,397,314</u>	<u>326,820</u>
<u>(15,375)</u>	<u>(5,531,653)</u>	<u>(1,079,252)</u>	<u>631,450</u>	<u>2,294,514</u>	<u>31,951</u>
-	12,186,504	-	-	-	-
(9,000)	(6,197,200)	-	-	-	-
-	-	-	-	-	-
<u>(9,000)</u>	<u>5,989,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(24,375)	457,651	(1,079,252)	631,450	2,294,514	31,951
<u>41,147</u>	<u>5,529,763</u>	<u>15,325,977</u>	<u>4,680,883</u>	<u>10,875,526</u>	<u>639,293</u>
<u>\$ 16,772</u>	<u>\$ 5,987,414</u>	<u>\$ 14,246,725</u>	<u>\$ 5,312,333</u>	<u>\$ 13,170,040</u>	<u>\$ 671,244</u>

(Continued)

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended November 30, 2012

	Maintenance and Child Support Collection Fund	County Clerk Automation Fund	Recorder Automation Fund	Animal Shelter Fund
REVENUES				
Charges for services	\$ 124,418	\$ 12,754	\$ 853,344	\$ 4,599
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	-	-	-
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Investment income	315	168	2,980	30
Miscellaneous	-	-	-	-
	<u>124,733</u>	<u>12,922</u>	<u>856,324</u>	<u>4,629</u>
Total Revenues				
EXPENDITURES				
Current				
General and administrative	-	8,744	449,000	-
Community development	-	-	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	172,983	-	-	-
Public health and welfare	-	-	-	342
Capital outlay	-	10,455	182,555	-
Debt service				
Principal retirement	-	-	29,767	-
Interest and fiscal charges	-	-	1,314	-
	<u>172,983</u>	<u>19,199</u>	<u>662,636</u>	<u>342</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>(48,250)</u>	<u>(6,277)</u>	<u>193,688</u>	<u>4,287</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases issued	-	-	145,337	-
	<u>-</u>	<u>-</u>	<u>145,337</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(48,250)	(6,277)	339,025	4,287
Fund Balances (Deficit) - Beginning of Year	<u>233,449</u>	<u>87,062</u>	<u>1,321,354</u>	<u>19,409</u>
Fund Balances (Deficit) - End of Year	<u>\$ 185,199</u>	<u>\$ 80,785</u>	<u>\$ 1,660,379</u>	<u>\$ 23,696</u>

<u>County Treasurer Automation Fund</u>	<u>Workforce Network Fund</u>	<u>Law Library Fund</u>	<u>Special Courts Fund</u>	<u>Mental Health Grant Fund</u>	<u>Circuit Court Document Storage Fund</u>
\$ 127,557	\$ -	\$ 280,943	\$ 253,254	\$ -	\$ 719,286
-	-	-	-	-	-
-	-	-	-	-	-
-	2,362,840	-	186,269	665,997	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
524	683	732	-	290	163
-	103,412	-	-	-	-
<u>128,081</u>	<u>2,466,935</u>	<u>281,675</u>	<u>439,523</u>	<u>666,287</u>	<u>719,449</u>
130,597	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	319,565	424,277	-	611,566
-	2,630,550	-	-	1,391,821	-
-	16,188	11,784	-	-	-
-	16,976	-	-	-	-
-	-	-	-	-	-
<u>130,597</u>	<u>2,663,714</u>	<u>331,349</u>	<u>424,277</u>	<u>1,391,821</u>	<u>611,566</u>
<u>(2,516)</u>	<u>(196,779)</u>	<u>(49,674)</u>	<u>15,246</u>	<u>(725,534)</u>	<u>107,883</u>
-	-	-	549,706	783,619	-
-	-	-	-	(68,215)	-
-	-	-	-	-	-
-	-	-	549,706	715,404	-
(2,516)	(196,779)	(49,674)	564,952	(10,130)	107,883
<u>347,845</u>	<u>580,196</u>	<u>480,591</u>	<u>-</u>	<u>41,922</u>	<u>(587,706)</u>
<u>\$ 345,329</u>	<u>\$ 383,417</u>	<u>\$ 430,917</u>	<u>\$ 564,952</u>	<u>\$ 31,792</u>	<u>\$ (479,823)</u>

(Continued)

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended November 30, 2012

	Probation Service Fee Fund	HUD Grants Fund	Dental Care Clinic Fund	Circuit Court Automation Fund
REVENUES				
Charges for services	\$ 366,042	\$ -	\$ 72,981	\$ 729,817
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	2,400,185	570,727	-
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Investment income	1,216	-	662	167
Miscellaneous	-	-	-	-
	<u>367,258</u>	<u>2,400,185</u>	<u>644,370</u>	<u>729,984</u>
Total Revenues				
EXPENDITURES				
Current				
General and administrative	-	-	-	-
Community development	-	2,443,638	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	371,744	-	-	601,186
Public health and welfare	-	-	600,247	-
Capital outlay	-	-	48,000	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>371,744</u>	<u>2,443,638</u>	<u>648,247</u>	<u>601,186</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>(4,486)</u>	<u>(43,453)</u>	<u>(3,877)</u>	<u>128,798</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases issued	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(4,486)	(43,453)	(3,877)	128,798
Fund Balances (Deficit) - Beginning of Year	<u>803,516</u>	<u>43,453</u>	<u>444,367</u>	<u>(253,412)</u>
Fund Balances (Deficit) - End of Year	<u>\$ 799,030</u>	<u>\$ -</u>	<u>\$ 440,490</u>	<u>\$ (124,614)</u>

Illinois Criminal Justice Authority Fund	Circuit Court Admin Fund	EMDT Fund	Treasurer's Passport Services Fund	State's Attorney Automation Fund	DUI Conviction Fund
\$ -	\$ 84,855	\$ 12,385	\$ 53,564	\$ 7,317	\$ -
-	-	-	-	-	-
-	-	-	-	-	21,128
83,394	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51	211	-	266	1	-
-	-	-	-	-	-
<u>83,445</u>	<u>85,066</u>	<u>12,385</u>	<u>53,830</u>	<u>7,318</u>	<u>21,128</u>
-	-	-	11,393	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,525
83,394	68,479	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>83,394</u>	<u>68,479</u>	<u>-</u>	<u>11,393</u>	<u>-</u>	<u>5,525</u>
<u>51</u>	<u>16,587</u>	<u>12,385</u>	<u>42,437</u>	<u>7,318</u>	<u>15,603</u>
-	-	-	-	-	-
-	-	(12,385)	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(12,385)</u>	<u>-</u>	<u>-</u>	<u>-</u>
51	16,587	-	42,437	7,318	15,603
<u>1,090</u>	<u>140,039</u>	<u>34,497</u>	<u>155,612</u>	<u>-</u>	<u>52,790</u>
<u>\$ 1,141</u>	<u>\$ 156,626</u>	<u>\$ 34,497</u>	<u>\$ 198,049</u>	<u>\$ 7,318</u>	<u>\$ 68,393</u>

(Continued)

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended November 30, 2012

	Geographic Information Systems Fund	Revolving Loan Fund	Health Scholarship Fund	Senior Services Fund
REVENUES				
Charges for services	\$ 909,379	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Grants, contributions, and intergovernmental	-	-	-	-
Property taxes	-	-	-	1,760,325
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Investment income	2,565	48,498	10	4,205
Miscellaneous	-	100	-	-
	<u>911,944</u>	<u>48,598</u>	<u>10</u>	<u>1,764,530</u>
Total Revenues				
EXPENDITURES				
Current				
General and administrative	742,370	-	-	-
Community development	-	100,084	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Judiciary and court related	-	-	-	-
Public health and welfare	-	-	-	1,724,697
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>742,370</u>	<u>100,084</u>	<u>-</u>	<u>1,724,697</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	<u>169,574</u>	<u>(51,486)</u>	<u>10</u>	<u>39,833</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases issued	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	169,574	(51,486)	10	39,833
Fund Balances (Deficit) - Beginning of Year	<u>1,589,524</u>	<u>1,737,141</u>	<u>6,283</u>	<u>2,747,300</u>
Fund Balances (Deficit) - End of Year	<u>\$ 1,759,098</u>	<u>\$ 1,685,655</u>	<u>\$ 6,293</u>	<u>\$ 2,787,133</u>

<u>RTA Sales Tax Fund</u>	<u>Public Building Commission Fund</u>	<u>Insurance Loss Fund</u>	<u>Circuit Clerk Electronic Citation Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 47,268	\$ -	\$ 4,718,062
-	-	-	-	-	95,128
-	-	-	-	-	21,128
-	-	-	-	6,090,574	19,182,085
-	-	3,917,218	-	-	22,834,129
8,984,724	-	-	-	-	8,984,724
-	-	-	-	-	111,342
21,707	1,712	84	59	39,052	190,399
-	-	48,422	-	-	257,733
<u>9,006,431</u>	<u>1,712</u>	<u>3,965,724</u>	<u>47,327</u>	<u>6,129,626</u>	<u>56,394,730</u>
-	12,844	2,677,963	-	-	5,387,394
-	-	-	-	-	2,755,327
-	-	-	-	4,988,602	18,672,852
-	-	-	-	-	4,958,026
-	-	-	35,000	-	4,165,712
-	-	-	-	-	9,135,542
-	-	21,990	-	3,771,877	10,158,776
-	-	-	-	-	46,743
-	-	-	-	-	1,314
<u>-</u>	<u>12,844</u>	<u>2,699,953</u>	<u>35,000</u>	<u>8,760,479</u>	<u>55,281,686</u>
<u>9,006,431</u>	<u>(11,132)</u>	<u>1,265,771</u>	<u>12,327</u>	<u>(2,630,853)</u>	<u>1,113,044</u>
-	-	-	-	-	13,519,829
(12,186,504)	-	-	-	-	(18,473,304)
-	-	-	-	-	145,337
<u>(12,186,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,808,138)</u>
(3,180,073)	(11,132)	1,265,771	12,327	(2,630,853)	(3,695,094)
<u>18,332,683</u>	<u>64,008</u>	<u>13,570,453</u>	<u>26,078</u>	<u>18,354,504</u>	<u>103,644,325</u>
<u>\$ 15,152,610</u>	<u>\$ 52,876</u>	<u>\$ 14,836,224</u>	<u>\$ 38,405</u>	<u>\$ 15,723,651</u>	<u>\$ 99,949,231</u>

(Concluded)

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VETERANS' ASSISTANCE COMMISSION BUS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 12	\$ 12	\$ 9	\$ (3)
Miscellaneous	-	-	101	101
Total Revenues	<u>12</u>	<u>12</u>	<u>110</u>	<u>98</u>
EXPENDITURES				
Current				
Public health and welfare				
Contractual services	1,000	1,000	-	1,000
Commodities	550	550	-	550
Total Expenditures	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Net Change in Fund Balance	<u>\$ (1,538)</u>	<u>\$ (1,538)</u>	110	<u>\$ 1,648</u>
Fund Balance - Beginning of Year			<u>6,217</u>	
Fund Balance - End of Year			<u>\$ 6,327</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VETERANS' ASSISTANCE COMMISSION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ -	\$ -	\$ (1,330)	\$ (1,330)
Property taxes	360,000	360,000	357,020	(2,980)
Investment income	200	200	6	(194)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>361,200</u>	<u>361,200</u>	<u>355,696</u>	<u>(5,504)</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	266,837	266,837	248,839	17,998
Contractual services	316,412	316,412	266,754	49,658
Commodities	<u>22,600</u>	<u>22,600</u>	<u>19,112</u>	<u>3,488</u>
Total Expenditures	<u>605,849</u>	<u>605,849</u>	<u>534,705</u>	<u>71,144</u>
Net Change in Fund Balance	<u>\$ (244,649)</u>	<u>\$ (244,649)</u>	(179,009)	<u>\$ 65,640</u>
Fund Balance - Beginning of Year			<u>996,713</u>	
Fund Balance - End of Year			<u>\$ 817,704</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 4,750,000	\$ 4,750,000	\$ 4,710,588	\$ (39,412)
Other taxes				
Personal property replacement tax	105,000	105,000	111,342	6,342
Investment income	<u>3,750</u>	<u>3,750</u>	<u>3,260</u>	<u>(490)</u>
Total Revenues	<u>4,858,750</u>	<u>4,858,750</u>	<u>4,825,190</u>	<u>(33,560)</u>
EXPENDITURES				
Current				
Personnel services				
General and administrative	894,740	894,740	846,073	48,667
Community development	139,715	139,715	132,116	7,599
Transportation	337,119	337,119	318,782	18,337
Public safety	3,556,307	3,556,307	3,362,873	193,434
Judiciary and court related	981,465	981,465	928,081	53,384
Public health and welfare	<u>1,233,690</u>	<u>1,233,690</u>	<u>1,166,587</u>	<u>67,103</u>
Total Expenditures	<u>7,143,036</u>	<u>7,143,036</u>	<u>6,754,512</u>	<u>388,524</u>
Net Change in Fund Balance	<u>\$ (2,284,286)</u>	<u>\$ (2,284,286)</u>	(1,929,322)	<u>\$ 354,964</u>
Fund Balance - Beginning of Year			<u>2,537,697</u>	
Fund Balance - End of Year			<u>\$ 608,375</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SECURITY FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 3,290,000	\$ 3,290,000	\$ 3,262,733	\$ (27,267)
Investment income	<u>2,800</u>	<u>2,800</u>	<u>3,082</u>	<u>282</u>
Total Revenues	<u>3,292,800</u>	<u>3,292,800</u>	<u>3,265,815</u>	<u>(26,985)</u>
EXPENDITURES				
Current				
Personnel services				
General and administrative	558,057	558,057	508,410	49,647
Community development	87,251	87,251	79,489	7,762
Transportation	207,757	207,757	189,274	18,483
Public safety	1,705,435	1,705,435	1,553,714	151,721
Judiciary and court related	603,090	603,090	549,437	53,653
Public health and welfare	<u>833,966</u>	<u>833,966</u>	<u>759,773</u>	<u>74,193</u>
Total Expenditures	<u>3,995,556</u>	<u>3,995,556</u>	<u>3,640,097</u>	<u>355,459</u>
Net Change in Fund Balance	<u>\$ (702,756)</u>	<u>\$ (702,756)</u>	(374,282)	<u>\$ 328,474</u>
Fund Balance - Beginning of Year			<u>2,637,061</u>	
Fund Balance - End of Year			<u>\$ 2,262,779</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CORONER'S FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 47,393	\$ 17,393
Grants, contributions, and intergovernmental	-	-	4,000	4,000
Investment income	<u>200</u>	<u>200</u>	<u>43</u>	<u>(157)</u>
Total Revenues	<u>30,200</u>	<u>30,200</u>	<u>51,436</u>	<u>21,236</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	9,000	36,200	35,304	896
Commodities	1,000	1,000	610	390
Capital outlay	<u>-</u>	<u>30,897</u>	<u>30,897</u>	<u>-</u>
Total Expenditures	<u>10,000</u>	<u>68,097</u>	<u>66,811</u>	<u>1,286</u>
Excess (deficiency) of revenues over expenditures	20,200	(37,897)	(15,375)	22,522
OTHER FINANCING USES				
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 11,200</u>	<u>\$ (46,897)</u>	<u>(24,375)</u>	<u>\$ 22,522</u>
Fund Balance - Beginning of Year			<u>41,147</u>	
Fund Balance - End of Year			<u>\$ 16,772</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY HIGHWAY FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	\$ 4,000	\$ 4,000	\$ 241	\$ (3,759)
Licenses and permits	52,000	52,000	95,128	43,128
Grants, contributions, and intergovernmental	242,180	254,340	531,828	277,488
Property taxes	6,400,000	6,400,000	6,346,878	(53,122)
Investment income	5,125	5,125	6,265	1,140
Miscellaneous	112,000	112,000	105,648	(6,352)
Total Revenues	<u>6,815,305</u>	<u>6,827,465</u>	<u>7,085,988</u>	<u>258,523</u>
EXPENDITURES				
Current				
Transportation				
Personnel services	5,161,581	5,161,581	4,722,453	439,128
Contractual services	7,193,511	9,602,056	4,708,587	4,893,469
Commodities	673,031	731,545	670,066	61,479
Capital outlay	6,820,000	7,987,045	2,516,535	5,470,510
Total Expenditures	<u>19,848,123</u>	<u>23,482,227</u>	<u>12,617,641</u>	<u>10,864,586</u>
Deficiency of revenues over expenditures	<u>(13,032,818)</u>	<u>(16,654,762)</u>	<u>(5,531,653)</u>	<u>11,123,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,922,200	18,922,200	12,186,504	(6,735,696)
Transfers out	(6,197,200)	(6,197,200)	(6,197,200)	-
Total Other Financing Sources (Uses)	<u>12,725,000</u>	<u>12,725,000</u>	<u>5,989,304</u>	<u>(6,735,696)</u>
Net Change in Fund Balance	<u>\$ (307,818)</u>	<u>\$ (3,929,762)</u>	457,651	<u>\$ 4,387,413</u>
Fund Balance - Beginning of Year			<u>5,529,763</u>	
Fund Balance - End of Year			<u>\$ 5,987,414</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MATCHING FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 2,400,000	\$ 2,400,000	\$ 1,057,380	\$ (1,342,620)
Property taxes	1,110,000	1,110,000	1,100,838	(9,162)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>23,672</u>	<u>3,672</u>
Total Revenues	<u>3,530,000</u>	<u>3,530,000</u>	<u>2,181,890</u>	<u>(1,348,110)</u>
EXPENDITURES				
Current				
Transportation				
Contractual services	800,000	2,706,712	820,467	1,886,245
Capital outlay	<u>3,738,000</u>	<u>14,271,990</u>	<u>2,440,675</u>	<u>11,831,315</u>
Total Expenditures	<u>4,538,000</u>	<u>16,978,702</u>	<u>3,261,142</u>	<u>13,717,560</u>
Net Change in Fund Balance	<u>\$ (1,008,000)</u>	<u>\$ (13,448,702)</u>	(1,079,252)	<u>\$ 12,369,450</u>
Fund Balance - Beginning of Year			<u>15,325,977</u>	
Fund Balance - End of Year			<u>\$ 14,246,725</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY BRIDGE FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 724,800	\$ 724,800	\$ 557,867	\$ (166,933)
Property taxes	1,040,000	1,040,000	1,031,357	(8,643)
Investment income	<u>5,000</u>	<u>5,000</u>	<u>7,353</u>	<u>2,353</u>
Total Revenues	<u>1,769,800</u>	<u>1,769,800</u>	<u>1,596,577</u>	<u>(173,223)</u>
EXPENDITURES				
Current				
Transportation				
Contractual services	825,000	1,387,853	631,274	756,579
Capital outlay	<u>1,006,000</u>	<u>2,811,018</u>	<u>333,853</u>	<u>2,477,165</u>
Total Expenditures	<u>1,831,000</u>	<u>4,198,871</u>	<u>965,127</u>	<u>3,233,744</u>
Net Change in Fund Balance	<u>\$ (61,200)</u>	<u>\$ (2,429,071)</u>	631,450	<u>\$ 3,060,521</u>
Fund Balance - Beginning of Year			<u>4,680,883</u>	
Fund Balance - End of Year			<u>\$ 5,312,333</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY OPTION MOTOR FUEL TAX FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ 4,672,354	\$ 672,354
Investment income	40,000	40,000	19,424	(20,576)
Miscellaneous	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total Revenues	<u>4,040,000</u>	<u>4,040,000</u>	<u>4,691,828</u>	<u>651,828</u>
EXPENDITURES				
Current				
Transportation				
Contractual services	2,920,000	3,967,249	1,562,034	2,405,215
Commodities	131,000	195,534	61,313	134,221
Capital outlay	<u>4,880,000</u>	<u>8,478,315</u>	<u>773,967</u>	<u>7,704,348</u>
Total Expenditures	<u>7,931,000</u>	<u>12,641,098</u>	<u>2,397,314</u>	<u>10,243,784</u>
Net Change in Fund Balance	<u>\$ (3,891,000)</u>	<u>\$ (8,601,098)</u>	2,294,514	<u>\$ 10,895,612</u>
Fund Balance - Beginning of Year			<u>10,875,526</u>	
Fund Balance - End of Year			<u>\$ 13,170,040</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TUBERCULOSIS CARE AND TREATMENT FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 10,500	\$ 10,500	\$ 10,665	\$ 165
Property taxes	350,000	350,000	347,172	(2,828)
Investment income	<u>625</u>	<u>625</u>	<u>934</u>	<u>309</u>
Total Revenues	<u>361,125</u>	<u>361,125</u>	<u>358,771</u>	<u>(2,354)</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	275,577	275,577	275,577	-
Contractual services	76,475	76,475	35,487	40,988
Commodities	<u>30,050</u>	<u>30,050</u>	<u>15,756</u>	<u>14,294</u>
Total Expenditures	<u>382,102</u>	<u>382,102</u>	<u>326,820</u>	<u>55,282</u>
Net Change in Fund Balance	<u>\$ (20,977)</u>	<u>\$ (20,977)</u>	31,951	<u>\$ 52,928</u>
Fund Balance - Beginning of Year			<u>639,293</u>	
Fund Balance - End of Year			<u>\$ 671,244</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MAINTENANCE AND CHILD SUPPORT COLLECTION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 125,000	\$ 125,000	\$ 124,418	\$ (582)
Investment income	<u>300</u>	<u>300</u>	<u>315</u>	<u>15</u>
Total Revenues	125,300	125,300	124,733	(567)
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	<u>172,983</u>	<u>172,983</u>	<u>172,983</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (47,683)</u>	<u>\$ (47,683)</u>	(48,250)	<u>\$ (567)</u>
Fund Balance - Beginning of Year			<u>233,449</u>	
Fund Balance - End of Year			<u>\$ 185,199</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY CLERK AUTOMATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 13,000	\$ 13,000	\$ 12,754	\$ (246)
Investment income	<u>125</u>	<u>125</u>	<u>168</u>	<u>43</u>
Total Revenues	<u>13,125</u>	<u>13,125</u>	<u>12,922</u>	<u>(203)</u>
EXPENDITURES				
Current				
General and administrative				
Contractual services	10,000	10,000	6,821	3,179
Commodities	2,500	2,500	1,923	577
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>10,455</u>	<u>4,545</u>
Total Expenditures	<u>27,500</u>	<u>27,500</u>	<u>19,199</u>	<u>8,301</u>
Net Change in Fund Balance	<u>\$ (14,375)</u>	<u>\$ (14,375)</u>	(6,277)	<u>\$ 8,098</u>
Fund Balance - Beginning of Year			<u>87,062</u>	
Fund Balance - End of Year			<u>\$ 80,785</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECORDER AUTOMATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 780,000	\$ 780,000	\$ 853,344	\$ 73,344
Investment income	<u>2,500</u>	<u>2,500</u>	<u>2,980</u>	<u>480</u>
Total Revenues	<u>782,500</u>	<u>782,500</u>	<u>856,324</u>	<u>73,824</u>
EXPENDITURES				
Current				
General and administrative				
Personnel services	498,380	498,380	308,470	189,910
Contractual services	271,300	271,300	137,960	133,340
Commodities	90,150	90,150	2,570	87,580
Capital outlay	403,800	403,800	182,555	221,245
Debt service				
Principal retirement	48,686	48,686	29,767	18,919
Interest and fiscal charges	<u>1,314</u>	<u>1,314</u>	<u>1,314</u>	<u>-</u>
Total Expenditures	<u>1,313,630</u>	<u>1,313,630</u>	<u>662,636</u>	<u>650,994</u>
Excess (deficiency) of revenues over expenditures	(531,130)	(531,130)	193,688	724,818
OTHER FINANCING SOURCES				
Capital leases issued	<u>-</u>	<u>-</u>	<u>145,337</u>	<u>145,337</u>
Net Change in Fund Balance	<u>\$ (531,130)</u>	<u>\$ (531,130)</u>	339,025	<u>\$ 870,155</u>
Fund Balance - Beginning of Year			<u>1,321,354</u>	
Fund Balance - End of Year			<u>\$ 1,660,379</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ANIMAL SHELTER FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 2,500	\$ 2,500	\$ 4,599	\$ 2,099
Investment income	<u>100</u>	<u>100</u>	<u>30</u>	<u>(70)</u>
Total Revenues	<u>2,600</u>	<u>2,600</u>	<u>4,629</u>	<u>2,029</u>
EXPENDITURES				
Current				
Public health and welfare				
Contractual services	10,000	10,000	342	9,658
Commodities	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
Total Expenditures	<u>12,600</u>	<u>12,600</u>	<u>342</u>	<u>12,258</u>
Net Change in Fund Balance	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	4,287	<u>\$ 14,287</u>
Fund Balance - Beginning of Year			<u>19,409</u>	
Fund Balance - End of Year			<u>\$ 23,696</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COUNTY TREASURER AUTOMATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 100,000	\$ 100,000	\$ 127,557	\$ 27,557
Investment income	<u>1,000</u>	<u>1,000</u>	<u>524</u>	<u>(476)</u>
Total Revenues	<u>101,000</u>	<u>101,000</u>	<u>128,081</u>	<u>27,081</u>
EXPENDITURES				
Current				
General and administrative				
Personnel services	190,700	190,700	122,217	68,483
Contractual services	81,000	81,000	-	81,000
Commodities	16,000	16,000	8,380	7,620
Capital outlay	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>287,701</u>	<u>287,701</u>	<u>130,597</u>	<u>157,104</u>
Net Change in Fund Balance	<u>\$ (186,701)</u>	<u>\$ (186,701)</u>	(2,516)	<u>\$ 184,185</u>
Fund Balance - Beginning of Year			<u>347,845</u>	
Fund Balance - End of Year			<u>\$ 345,329</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKFORCE NETWORK FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 2,372,453	\$ 2,654,934	\$ 2,362,840	\$ (292,094)
Investment income	800	800	683	(117)
Miscellaneous	<u>129,000</u>	<u>129,000</u>	<u>103,412</u>	<u>(25,588)</u>
Total Revenues	<u>2,502,253</u>	<u>2,784,734</u>	<u>2,466,935</u>	<u>(317,799)</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	1,425,192	1,438,692	1,350,547	88,145
Contractual services	981,611	1,140,352	1,115,931	24,421
Commodities	77,972	172,212	164,072	8,140
Capital outlay	500	16,500	16,188	312
Debt service				
Principal retirement	<u>16,978</u>	<u>16,978</u>	<u>16,976</u>	<u>2</u>
Total Expenditures	<u>2,502,253</u>	<u>2,784,734</u>	<u>2,663,714</u>	<u>121,020</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(196,779)	<u>\$ (196,779)</u>
Fund Balance - Beginning of Year			<u>580,196</u>	
Fund Balance - End of Year			<u>\$ 383,417</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAW LIBRARY FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 306,500	\$ 306,500	\$ 280,943	\$ (25,557)
Investment income	<u>400</u>	<u>400</u>	<u>732</u>	<u>332</u>
Total Revenues	<u>306,900</u>	<u>306,900</u>	<u>281,675</u>	<u>(25,225)</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	151,830	151,830	144,718	7,112
Contractual services	400	400	331	69
Commodities	142,000	180,500	174,516	5,984
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>11,784</u>	<u>3,216</u>
Total Expenditures	<u>309,230</u>	<u>347,730</u>	<u>331,349</u>	<u>16,381</u>
Net Change in Fund Balance	<u>\$ (2,330)</u>	<u>\$ (40,830)</u>	(49,674)	<u>\$ (8,844)</u>
Fund Balance - Beginning of Year			<u>480,591</u>	
Fund Balance - End of Year			<u>\$ 430,917</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL COURTS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 270,000	\$ 270,000	\$ 253,254	\$ (16,746)
Grants, contributions, and intergovernmental	<u>144,682</u>	<u>200,716</u>	<u>186,269</u>	<u>(14,447)</u>
Total Revenues	<u>414,682</u>	<u>470,716</u>	<u>439,523</u>	<u>(31,193)</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	299,285	359,933	359,933	-
Contractual services	42,020	42,020	30,213	11,807
Commodities	<u>112,973</u>	<u>121,748</u>	<u>34,131</u>	<u>87,617</u>
Total Expenditures	<u>454,278</u>	<u>523,701</u>	<u>424,277</u>	<u>99,424</u>
Excess (deficiency) of revenues over expenditures	(39,596)	(52,985)	15,246	68,231
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>549,706</u>	<u>549,706</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (39,596)</u>	<u>\$ 496,721</u>	564,952	<u>\$ 68,231</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u>\$ 564,952</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MENTAL HEALTH GRANT FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 1,214,007	\$ 883,706	\$ 665,997	\$ (217,709)
Investment income	300	300	290	(10)
Miscellaneous	<u>17,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Revenues	<u>1,231,307</u>	<u>894,006</u>	<u>666,287</u>	<u>(227,719)</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	1,156,766	891,238	722,551	168,687
Contractual services	1,384,870	1,171,759	646,463	525,296
Commodities	<u>78,690</u>	<u>84,543</u>	<u>22,807</u>	<u>61,736</u>
Total Expenditures	<u>2,620,326</u>	<u>2,147,540</u>	<u>1,391,821</u>	<u>755,719</u>
Deficiency of revenues over expenditures	<u>(1,389,019)</u>	<u>(1,253,534)</u>	<u>(725,534)</u>	<u>528,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,389,019	1,253,534	783,619	(469,915)
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(68,215)</u>	<u>31,785</u>
Total Other Financing Sources (Uses)	<u>1,389,019</u>	<u>1,153,534</u>	<u>715,404</u>	<u>(438,130)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>(10,130)</u>	<u>\$ 89,870</u>
Fund Balance - Beginning of Year			<u>41,922</u>	
Fund Balance - End of Year			<u>\$ 31,792</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL
CIRCUIT COURT DOCUMENT STORAGE FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 750,000	\$ 750,000	\$ 719,286	\$ (30,714)
Investment income	<u>500</u>	<u>500</u>	<u>163</u>	<u>(337)</u>
Total Revenues	<u>750,500</u>	<u>750,500</u>	<u>719,449</u>	<u>(31,051)</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	199,757	199,757	187,154	12,603
Contractual services	<u>556,553</u>	<u>556,553</u>	<u>424,412</u>	<u>132,141</u>
Total Expenditures	<u>756,310</u>	<u>756,310</u>	<u>611,566</u>	<u>144,744</u>
Net Change in Fund Balance	<u>\$ (5,810)</u>	<u>\$ (5,810)</u>	107,883	<u>\$ 113,693</u>
Fund Deficit - Beginning of Year			<u>(587,706)</u>	
Fund Deficit - End of Year			<u>\$ (479,823)</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROBATION SERVICE FEE FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 320,000	\$ 320,000	\$ 366,042	\$ 46,042
Investment income	<u>1,200</u>	<u>1,200</u>	<u>1,216</u>	<u>16</u>
Total Revenues	<u>321,200</u>	<u>321,200</u>	<u>367,258</u>	<u>46,058</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	147,170	147,170	54,243	92,927
Contractual services	402,000	402,000	302,079	99,921
Commodities	53,000	53,000	15,422	37,578
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Expenditures	<u>617,170</u>	<u>617,170</u>	<u>371,744</u>	<u>245,426</u>
Net Change in Fund Balance	<u>\$ (295,970)</u>	<u>\$ (295,970)</u>	(4,486)	<u>\$ 291,484</u>
Fund Balance - Beginning of Year			<u>803,516</u>	
Fund Balance - End of Year			<u>\$ 799,030</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUD GRANTS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 2,796,232	\$ 5,353,427	\$ 2,400,185	\$ (2,953,242)
EXPENDITURES				
Current				
Community development				
Personnel services	400,221	592,285	328,877	263,408
Contractual services	2,380,511	4,743,502	2,108,855	2,634,647
Commodities	15,500	17,640	5,906	11,734
Total Expenditures	<u>2,796,232</u>	<u>5,353,427</u>	<u>2,443,638</u>	<u>2,909,789</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(43,453)	<u>\$ (43,453)</u>
Fund Balance - Beginning of Year			<u>43,453</u>	
Fund Balance - End of Year			<u>\$ -</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DENTAL CARE CLINIC FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 48,000	\$ 48,000	\$ 72,981	\$ 24,981
Grants, contributions, and intergovernmental	468,000	468,000	570,727	102,727
Investment income	<u>600</u>	<u>600</u>	<u>662</u>	<u>62</u>
Total Revenues	<u>516,600</u>	<u>516,600</u>	<u>644,370</u>	<u>127,770</u>
EXPENDITURES				
Current				
Public health and welfare				
Personnel services	470,010	470,010	464,733	5,277
Contractual services	85,900	86,850	74,837	12,013
Commodities	60,000	75,850	60,677	15,173
Capital outlay	<u>-</u>	<u>48,200</u>	<u>48,000</u>	<u>200</u>
Total Expenditures	<u>615,910</u>	<u>680,910</u>	<u>648,247</u>	<u>32,663</u>
Net Change in Fund Balance	<u>\$ (99,310)</u>	<u>\$ (164,310)</u>	(3,877)	<u>\$ 160,433</u>
Fund Balance - Beginning of Year			<u>444,367</u>	
Fund Balance - End of Year			<u>\$ 440,490</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL
CIRCUIT COURT AUTOMATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 750,000	\$ 750,000	\$ 729,817	\$ (20,183)
Investment income	<u>200</u>	<u>200</u>	<u>167</u>	<u>(33)</u>
Total Revenues	<u>750,200</u>	<u>750,200</u>	<u>729,984</u>	<u>(20,216)</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	252,103	252,103	157,515	94,588
Contractual services	535,459	533,850	441,041	92,809
Commodities	<u>50,000</u>	<u>52,369</u>	<u>2,630</u>	<u>49,739</u>
Total Expenditures	<u>837,562</u>	<u>838,322</u>	<u>601,186</u>	<u>237,136</u>
Net Change in Fund Balance	<u>\$ (87,362)</u>	<u>\$ (88,122)</u>	128,798	<u>\$ 216,920</u>
Fund Deficit - Beginning of Year			<u>(253,412)</u>	
Fund Deficit - End of Year			<u>\$ (124,614)</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS CRIMINAL JUSTICE AUTHORITY FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 83,394	\$ 83,394	\$ 83,394	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
Total Revenues	83,394	83,394	83,445	51
EXPENDITURES				
Current				
Judiciary and court related Personnel services	<u>83,394</u>	<u>83,394</u>	<u>83,394</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	51	<u>\$ 51</u>
Fund Balance - Beginning of Year			<u>1,090</u>	
Fund Balance - End of Year			<u>\$ 1,141</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CIRCUIT COURT ADMIN FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 85,000	\$ 85,000	\$ 84,855	\$ (145)
Investment income	<u>100</u>	<u>100</u>	<u>211</u>	<u>111</u>
Total Revenues	<u>85,100</u>	<u>85,100</u>	<u>85,066</u>	<u>(34)</u>
EXPENDITURES				
Current				
Judiciary and court related				
Personnel services	10,748	10,748	10,748	-
Contractual services	20,429	20,429	19,749	680
Commodities	38,000	38,000	37,982	18
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>71,177</u>	<u>71,177</u>	<u>68,479</u>	<u>2,698</u>
Net Change in Fund Balance	<u>\$ 13,923</u>	<u>\$ 13,923</u>	16,587	<u>\$ 2,664</u>
Fund Balance - Beginning of Year			<u>140,039</u>	
Fund Balance - End of Year			<u>\$ 156,626</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMDT FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 20,500	\$ 20,500	\$ 12,385	\$ (8,115)
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	20,500	20,500	12,385	(8,115)
OTHER FINANCING USES				
Transfers out	<u>(20,500)</u>	<u>(20,500)</u>	<u>(12,385)</u>	<u>8,115</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>34,497</u>	
Fund Balance - End of Year			<u>\$ 34,497</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TREASURER'S PASSPORT SERVICES FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 55,000	\$ 55,000	\$ 53,564	\$ (1,436)
Investment income	<u>100</u>	<u>100</u>	<u>266</u>	<u>166</u>
Total Revenues	<u>55,100</u>	<u>55,100</u>	<u>53,830</u>	<u>(1,270)</u>
EXPENDITURES				
Current				
General and administrative				
Personnel services	64,050	64,050	7,079	56,971
Contractual services	61,600	61,600	-	61,600
Commodities	<u>61,000</u>	<u>61,000</u>	<u>4,314</u>	<u>56,686</u>
Total Expenditures	<u>186,650</u>	<u>186,650</u>	<u>11,393</u>	<u>175,257</u>
Net Change in Fund Balance	<u>\$ (131,550)</u>	<u>\$ (131,550)</u>	42,437	<u>\$ 173,987</u>
Fund Balance - Beginning of Year			<u>155,612</u>	
Fund Balance - End of Year			<u>\$ 198,049</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE'S ATTORNEY AUTOMATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ -	\$ 14,050	\$ 7,317	\$ (6,733)
Investment income	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	-	14,050	7,318	(6,732)
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 14,050</u>	7,318	<u>\$ (6,732)</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u>\$ 7,318</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DUI CONVICTION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 21,128	\$ 1,128
EXPENDITURES				
Current				
Public safety				
Commodities	<u>20,000</u>	<u>20,000</u>	<u>5,525</u>	<u>14,475</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	15,603	<u>\$ 15,603</u>
Fund Balance - Beginning of Year			<u>52,790</u>	
Fund Balance - End of Year			<u>\$ 68,393</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GEOGRAPHIC INFORMATION SYSTEMS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 833,000	\$ 833,000	\$ 909,379	\$ 76,379
Investment income	<u>2,000</u>	<u>2,000</u>	<u>2,565</u>	<u>565</u>
Total Revenues	<u>835,000</u>	<u>835,000</u>	<u>911,944</u>	<u>76,944</u>
EXPENDITURES				
Current				
General and administrative				
Personnel services	493,520	493,520	443,822	49,698
Contractual services	225,050	299,044	289,409	9,635
Commodities	37,450	16,993	9,139	7,854
Capital outlay	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>796,020</u>	<u>809,557</u>	<u>742,370</u>	<u>67,187</u>
Net Change in Fund Balance	<u>\$ 38,980</u>	<u>\$ 25,443</u>	169,574	<u>\$ 144,131</u>
Fund Balance - Beginning of Year			<u>1,589,524</u>	
Fund Balance - End of Year			<u>\$ 1,759,098</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REVOLVING LOAN FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 40,689	\$ 40,689	\$ 48,498	\$ 7,809
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>(900)</u>
Total Revenues	41,689	41,689	48,598	6,909
EXPENDITURES				
Current				
Community development				
Contractual services	<u>105,000</u>	<u>105,000</u>	<u>100,084</u>	<u>4,916</u>
Net Change in Fund Balance	<u>\$ (63,311)</u>	<u>\$ (63,311)</u>	(51,486)	<u>\$ 11,825</u>
Fund Balance - Beginning of Year			<u>1,737,141</u>	
Fund Balance - End of Year			<u>\$ 1,685,655</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HEALTH SCHOLARSHIP FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 100	\$ 100	\$ 10	\$ (90)
EXPENDITURES				
Current				
Public health and welfare				
Contractual services	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Net Change in Fund Balance	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	10	<u>\$ 6,010</u>
Fund Balance - Beginning of Year			<u>6,283</u>	
Fund Balance - End of Year			<u>\$ 6,293</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SENIOR SERVICES FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 1,775,000	\$ 1,775,000	\$ 1,760,325	\$ (14,675)
Investment income	<u>850</u>	<u>850</u>	<u>4,205</u>	<u>3,355</u>
Total Revenues	1,775,850	1,775,850	1,764,530	(11,320)
EXPENDITURES				
Current				
Public health and welfare				
Contractual services	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,724,697</u>	<u>50,303</u>
Net Change in Fund Balance	<u>\$ 850</u>	<u>\$ 850</u>	39,833	<u>\$ 38,983</u>
Fund Balance - Beginning of Year			<u>2,747,300</u>	
Fund Balance - End of Year			<u>\$ 2,787,133</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RTA SALES TAX FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales taxes	\$ 8,350,000	\$ 8,350,000	\$ 8,984,724	\$ 634,724
Investment income	<u>21,000</u>	<u>21,000</u>	<u>21,707</u>	<u>707</u>
Total Revenues	8,371,000	8,371,000	9,006,431	635,431
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	8,371,000	8,371,000	9,006,431	635,431
OTHER FINANCING USES				
Transfers out	<u>(18,247,200)</u>	<u>(18,247,200)</u>	<u>(12,186,504)</u>	<u>6,060,696</u>
Net Change in Fund Balance	<u>\$ (9,876,200)</u>	<u>\$ (9,876,200)</u>	(3,180,073)	<u>\$ 6,696,127</u>
Fund Balance - Beginning of Year			<u>18,332,683</u>	
Fund Balance - End of Year			<u>\$ 15,152,610</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC BUILDING COMMISSION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 1,712	\$ 1,712
EXPENDITURES				
Current				
General and administrative	<u>-</u>	<u>-</u>	<u>12,844</u>	<u>(12,844)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(11,132)</u>	<u>\$ (11,132)</u>
Fund Balance - Beginning of Year			<u>64,008</u>	
Fund Balance - End of Year			<u>\$ 52,876</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INSURANCE LOSS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 3,950,000	\$ 3,950,000	\$ 3,917,218	\$ (32,782)
Investment income	200	200	84	(116)
Miscellaneous	<u>200,000</u>	<u>200,000</u>	<u>48,422</u>	<u>(151,578)</u>
Total Revenues	<u>4,150,200</u>	<u>4,150,200</u>	<u>3,965,724</u>	<u>(184,476)</u>
EXPENDITURES				
Current				
General and administrative				
Personnel services	1,070,743	1,070,743	999,683	71,060
Contractual services	2,702,020	2,705,455	1,667,674	1,037,781
Commodities	21,900	21,900	10,606	11,294
Capital outlay	<u>-</u>	<u>21,990</u>	<u>21,990</u>	<u>-</u>
Total Expenditures	<u>3,794,663</u>	<u>3,820,088</u>	<u>2,699,953</u>	<u>1,120,135</u>
Net Change in Fund Balance	<u>\$ 355,537</u>	<u>\$ 330,112</u>	1,265,771	<u>\$ 935,659</u>
Fund Balance - Beginning of Year			<u>13,570,453</u>	
Fund Balance - End of Year			<u>\$ 14,836,224</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CIRCUIT CLERK ELECTRONIC CITATION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 35,000	\$ 35,000	\$ 47,268	\$ 12,268
Investment income	<u>20</u>	<u>20</u>	<u>59</u>	<u>39</u>
Total Revenues	35,020	35,020	47,327	12,307
EXPENDITURES				
Current				
Judiciary and court related				
Contractual services	<u>35,020</u>	<u>35,020</u>	<u>35,000</u>	<u>20</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	12,327	<u>\$ 12,327</u>
Fund Balance - Beginning of Year			<u>26,078</u>	
Fund Balance - End of Year			<u>\$ 38,405</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Grants, contributions, and intergovernmental	\$ 4,566,650	\$ 4,566,650	\$ 6,090,574	\$ 1,523,924
Investment income	<u>75,000</u>	<u>75,000</u>	<u>39,052</u>	<u>(35,948)</u>
Total Revenues	<u>4,641,650</u>	<u>4,641,650</u>	<u>6,129,626</u>	<u>1,487,976</u>
EXPENDITURES				
Current				
Transportation				
Personnel services	137,143	137,143	137,143	-
Contractual services	4,350,000	5,371,473	3,887,491	1,483,982
Commodities	1,390,000	1,396,199	963,968	432,231
Capital outlay	<u>7,575,000</u>	<u>12,152,258</u>	<u>3,771,877</u>	<u>8,380,381</u>
Total Expenditures	<u>13,452,143</u>	<u>19,057,073</u>	<u>8,760,479</u>	<u>10,296,594</u>
Net Change in Fund Balance	<u>\$ (8,810,493)</u>	<u>\$ (14,415,423)</u>	(2,630,853)	<u>\$ 11,784,570</u>
Fund Balance - Beginning of Year			<u>18,354,504</u>	
Fund Balance - End of Year			<u>\$ 15,723,651</u>	

NONMAJOR DEBT SERVICE FUNDS

Series 2003 C Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2003 A Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2005 A Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2006 A Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2007 A Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2007 B Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2008 Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2010 A Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2010 B Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

Series 2012 A&B Certificate Fund – to account for the accumulation of resources and the payment of general obligation limited tax debt certificates principal, interest, and related costs.

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
November 30, 2012

	Series 2005 A Certificate Fund	Series 2012 A&B Certificate Fund	Totals
ASSETS			
Cash and equivalents	\$ 175	\$ 5,247	\$ 5,422
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 175	\$ -	\$ 175
 Fund balance			
Restricted	-	5,247	5,247
TOTAL LIABILITIES AND FUND BALANCE	\$ 175	\$ 5,247	\$ 5,422

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended November 30, 2012

	Series 2003 C Certificate Fund	Series 2003 A Certificate Fund	Series 2005 A Certificate Fund	Series 2006 A Certificate Fund
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current				
General and administrative	-	-	-	-
Debt service				
Principal retirement	550,000	255,000	320,000	480,000
Interest and fiscal charges	47,735	75,754	24,499	250,837
Total Expenditures	<u>597,735</u>	<u>330,754</u>	<u>344,499</u>	<u>730,837</u>
Deficiency of revenues over expenditures	<u>(597,735)</u>	<u>(330,754)</u>	<u>(344,499)</u>	<u>(730,837)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	597,735	330,754	344,499	730,837
Refunding debt certificates issued	-	-	-	-
Premium on debt issuance	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>597,735</u>	<u>330,754</u>	<u>344,499</u>	<u>730,837</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Series 2007 A Certificate Fund	Series 2007 B Certificate Fund	Series 2008 Certificate Fund	Series 2010 A Certificate Fund	Series 2010 B Certificate Fund	Series 2012 A&B Certificate Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	95,451
470,000	4,840,000	400,000	1,000,000	95,000	4,380,000
118,498	1,357,200	140,928	214,978	164,169	77,757
588,498	6,197,200	540,928	1,214,978	259,169	4,553,208
(588,498)	(6,197,200)	(540,928)	(1,214,978)	(259,169)	(4,553,208)
588,498	6,197,200	540,928	1,214,978	259,169	-
-	-	-	-	-	5,465,000
-	-	-	-	-	166,455
-	-	-	-	-	(1,073,000)
588,498	6,197,200	540,928	1,214,978	259,169	4,558,455
-	-	-	-	-	5,247
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,247

(Continued)

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended November 30, 2012

	Totals
REVENUES	\$ -
EXPENDITURES	
Current	
General and administrative	95,451
Debt service	
Principal retirement	12,790,000
Interest and fiscal charges	2,472,355
Total Expenditures	15,357,806
Deficiency of revenues over expenditures	(15,357,806)
OTHER FINANCING SOURCES (USES)	
Transfers in	10,804,598
Refunding debt certificates issued	5,465,000
Premium on debt issuance	166,455
Payment to bond escrow agent	(1,073,000)
Total Other Financing Sources (Uses)	15,363,053
Net Change in Fund Balances	5,247
Fund Balances - Beginning of Year	-
Fund Balances - End of Year	\$ 5,247

(Concluded)

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2003 C CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	550,000	550,000	550,000	-
Interest and fiscal charges	80,345	80,345	47,735	32,610
Total Expenditures	630,345	630,345	597,735	32,610
Deficiency of revenues over expenditures	(630,345)	(630,345)	(597,735)	32,610
OTHER FINANCING SOURCES				
Transfers in	630,345	630,345	597,735	(32,610)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2003 A CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	255,000	255,000	255,000	-
Interest and fiscal charges	146,408	146,408	75,754	70,654
Total Expenditures	401,408	401,408	330,754	70,654
Deficiency of revenues over expenditures	(401,408)	(401,408)	(330,754)	70,654
OTHER FINANCING SOURCES				
Transfers in	401,408	401,408	330,754	(70,654)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2005 A CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	320,000	320,000	320,000	-
Interest and fiscal charges	43,048	43,048	24,499	18,549
Total Expenditures	363,048	363,048	344,499	18,549
Deficiency of revenues over expenditures	(363,048)	(363,048)	(344,499)	18,549
OTHER FINANCING SOURCES				
Transfers in	363,048	363,048	344,499	(18,549)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2006 A CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	480,000	480,000	480,000	-
Interest and fiscal charges	250,863	250,863	250,837	26
Total Expenditures	730,863	730,863	730,837	26
Deficiency of revenues over expenditures	(730,863)	(730,863)	(730,837)	26
OTHER FINANCING SOURCES				
Transfers in	730,863	730,863	730,837	(26)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2007 A CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	470,000	470,000	470,000	-
Interest and fiscal charges	118,500	118,500	118,498	2
Total Expenditures	588,500	588,500	588,498	2
Deficiency of revenues over expenditures	(588,500)	(588,500)	(588,498)	2
OTHER FINANCING SOURCES				
Transfers in	588,500	588,500	588,498	(2)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2007 B CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	4,840,000	4,840,000	4,840,000	-
Interest and fiscal charges	1,357,628	1,357,628	1,357,200	428
Total Expenditures	6,197,628	6,197,628	6,197,200	428
Deficiency of revenues over expenditures	(6,197,628)	(6,197,628)	(6,197,200)	428
OTHER FINANCING SOURCES				
Transfers in	6,197,628	6,197,628	6,197,200	(428)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2008 CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	400,000	400,000	400,000	-
Interest and fiscal charges	140,928	140,928	140,928	-
Total Expenditures	540,928	540,928	540,928	-
Deficiency of revenues over expenditures	(540,928)	(540,928)	(540,928)	-
OTHER FINANCING SOURCES				
Transfers in	540,928	540,928	540,928	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2010 A CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest and fiscal charges	214,978	214,978	214,978	-
Total Expenditures	1,214,978	1,214,978	1,214,978	-
Deficiency of revenues over expenditures	(1,214,978)	(1,214,978)	(1,214,978)	-
OTHER FINANCING SOURCES				
Transfers in	1,214,978	1,214,978	1,214,978	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2010 B CERTIFICATE FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal retirement	95,000	95,000	95,000	-
Interest and fiscal charges	164,170	164,170	164,169	1
Total Expenditures	259,170	259,170	259,169	1
Deficiency of revenues over expenditures	(259,170)	(259,170)	(259,169)	1
OTHER FINANCING SOURCES				
Transfers in	259,170	259,170	259,169	(1)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2012 A&B CERTIFICATE FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current				
General and administrative				
Contractual services	-	95,451	95,451	-
Debt service				
Principal retirement	-	4,380,000	4,380,000	-
Interest and fiscal charges	-	77,757	77,757	-
Total Expenditures	-	4,553,208	4,553,208	-
Deficiency of revenues over expenditures	-	(4,553,208)	(4,553,208)	-
OTHER FINANCING SOURCES (USES)				
Refunding debt certificates issued	-	5,465,000	5,465,000	-
Premium on debt issuance	-	166,455	166,455	-
Payment to bond escrow agent	-	(1,073,000)	(1,073,000)	-
Total Other Financing Sources (Uses)	-	4,558,455	4,558,455	-
Net Change in Fund Balance	\$ -	\$ 5,247	5,247	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ 5,247	

NONMAJOR CAPITAL PROJECT FUNDS

Series 2010A Capital Projects Fund - to account for various capital projects, including the construction of a new County archive facility, the purchase of a new local area network, the buildout of a courtroom, the purchase of a new storage area network, and the partial advanced refunding of the Series 2002 A debt certificates. Resources for the fund were provided by proceeds from Series 2010A debt certificates.

Mental Health Facility Expansion Fund - to account for the expansion of the County mental health facility. Resources for the fund were provided by proceeds from Series 2010B debt certificates.

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
November 30, 2012

	Series 2010A Capital Projects Fund	Mental Health Facility Expansion Fund	Totals
ASSETS			
Cash and equivalents	\$ <u>58,540</u>	\$ <u>15,922</u>	\$ <u>74,462</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,980	\$ 7,078	\$ 10,058
 Fund Balances			
Restricted	<u>55,560</u>	<u>8,844</u>	<u>64,404</u>
TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 58,540</u>	 <u>\$ 15,922</u>	 <u>\$ 74,462</u>

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended November 30, 2012

	Series 2010A Capital Projects Fund	Mental Health Facility Expansion Fund	Totals
REVENUES			
Investment income	\$ 233	\$ 319	\$ 552
EXPENDITURES			
Capital outlay	109,156	314,811	423,967
Net Change in Fund Balances	(108,923)	(314,492)	(423,415)
Fund Balances - Beginning of Year	164,483	323,336	487,819
Fund Balances - End of Year	\$ 55,560	\$ 8,844	\$ 64,404

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SERIES 2010A CAPITAL PROJECTS FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 233	\$ 233
EXPENDITURES				
Capital outlay	<u>-</u>	<u>163,285</u>	<u>109,156</u>	<u>54,129</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (163,285)</u>	(108,923)	<u>\$ 54,362</u>
Fund Balance - Beginning of Year			<u>164,483</u>	
Fund Balance - End of Year			<u>\$ 55,560</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MENTAL HEALTH FACILITY EXPANSION FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 319	\$ 319
EXPENDITURES				
Capital outlay	-	314,811	314,811	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (314,811)</u>	(314,492)	<u>\$ 319</u>
Fund Balance - Beginning of Year			<u>323,336</u>	
Fund Balance - End of Year			<u>\$ 8,844</u>	

NONMAJOR PERMANENT FUNDS

Working Cash I and II Funds – to account for funds raised through property tax levies and interest income. Funds are available for loans to other funds. The principal portion of the fund may not be expended.

County of McHenry, Illinois
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
November 30, 2012

	Working Cash No. 1 Fund	Working Cash No. 2 Fund	Totals
ASSETS			
Cash and equivalents	\$ <u>331,901</u>	\$ <u>469,980</u>	\$ <u>801,881</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 600	\$ 620	\$ 1,220
Fund Balances			
Nonspendable	<u>331,301</u>	<u>469,360</u>	<u>800,661</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>331,901</u>	\$ <u>469,980</u>	\$ <u>801,881</u>

County of McHenry, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
For the Year Ended November 30, 2012

	Working Cash No. 1 Fund	Working Cash No. 2 Fund	Totals
REVENUES			
Investment income	\$ 606	\$ 707	\$ 1,313
EXPENDITURES	-	-	-
Excess of revenues over expenditures	606	707	1,313
OTHER FINANCING USES			
Transfers out	(600)	(620)	(1,220)
Net Change in Fund Balances	6	87	93
Fund Balances - Beginning of Year	331,295	469,273	800,568
Fund Balances - End of Year	\$ 331,301	\$ 469,360	\$ 800,661

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKING CASH NO. 1 FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 600	\$ 600	\$ 606	\$ 6
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	600	600	606	6
OTHER FINANCING USES				
Transfers out	<u>(600)</u>	<u>(600)</u>	<u>(600)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6	<u>\$ 6</u>
Fund Balance - Beginning of Year			<u>331,295</u>	
Fund Balance - End of Year			<u>\$ 331,301</u>	

County of McHenry, Illinois
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKING CASH NO. 2 FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment income	\$ 620	\$ 620	\$ 707	\$ 87
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	620	620	707	87
OTHER FINANCING USES				
Transfers out	<u>(620)</u>	<u>(620)</u>	<u>(620)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	87	<u>\$ 87</u>
Fund Balance - Beginning of Year			<u>469,273</u>	
Fund Balance - End of Year			<u>\$ 469,360</u>	

ENTERPRISE FUNDS

Major Fund:

Valley Hi Fund – to account for the activities of the Valley Hi nursing home.

Nonmajor Fund:

911 Fund (Emergency Telephone Services Board Fund) – to account for funds raised through a telephone surcharge tax on each telephone line in the County. The money collected is distributed to this fund net of a small collection charge retained by the telephone company. The funds are used to operate and equip a 911 telephone dispatch center within the County area.

County of McHenry, Illinois
SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND EXPENSES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
VALLEY HI FUND
For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES				
Charges for services	\$ 8,957,000	\$ 8,957,000	\$ 10,228,394	\$ 1,271,394
Other	8,000	8,000	7,433	(567)
Total Operating Revenues	<u>\$ 8,965,000</u>	<u>\$ 8,965,000</u>	<u>\$ 10,235,827</u>	<u>\$ 1,270,827</u>
OPERATING EXPENSES				
Personnel services	\$ 7,016,325	\$ 7,016,325	\$ 6,875,754	\$ 140,571
Contractual services	1,917,561	2,042,583	1,897,138	145,445
Commodities	1,044,085	1,064,336	983,690	80,646
Total operating expenses before capital outlay	<u>9,977,971</u>	<u>10,123,244</u>	<u>9,756,582</u>	<u>366,662</u>
Capital outlay	8,000	8,000	8,000	-
Less: assets capitalized	-	-	(8,000)	8,000
Adjusted capital outlay	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total Operating Expenses (excluding depreciation and amortization)	<u>\$ 9,985,971</u>	<u>\$ 10,131,244</u>	<u>\$ 9,756,582</u>	<u>\$ 374,662</u>
NONOPERATING REVENUES				
Property taxes	\$ 6,000,000	\$ 6,000,000	\$ 5,950,311	\$ (49,689)
Investment income	36,100	36,100	68,703	32,603
Total Nonoperating Revenues	<u>\$ 6,036,100</u>	<u>\$ 6,036,100</u>	<u>\$ 6,019,014</u>	<u>\$ (17,086)</u>
NONOPERATING EXPENSES				
Interest expense	\$ 203,768	\$ 203,768	\$ 47,440	\$ 156,328

County of McHenry, Illinois
SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND EXPENSES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
911 FUND
For the Year Ended November 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES				
Charges for services	\$ 2,376,000	\$ 2,376,000	\$ 2,736,376	\$ 360,376
Other	-	-	60	60
Total Operating Revenues	<u>\$ 2,376,000</u>	<u>\$ 2,376,000</u>	<u>\$ 2,736,436</u>	<u>\$ 360,436</u>
OPERATING EXPENSES				
Personnel services	\$ 387,253	\$ 387,253	\$ 348,723	\$ 38,530
Contractual services	1,889,780	2,038,767	1,508,592	530,175
Commodities	581,000	707,734	88,012	619,722
Total operating expenses before capital outlay	<u>2,858,033</u>	<u>3,133,754</u>	<u>1,945,327</u>	<u>1,188,427</u>
Capital outlay	115,000	217,340	-	217,340
Less: assets capitalized	-	-	-	-
Adjusted capital outlay	<u>115,000</u>	<u>217,340</u>	<u>-</u>	<u>217,340</u>
Total Operating Expenses (excluding depreciation and amortization)	<u>\$ 2,973,033</u>	<u>\$ 3,351,094</u>	<u>\$ 1,945,327</u>	<u>\$ 1,405,767</u>
NONOPERATING REVENUES				
Investment income	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 4,205</u>	<u>\$ (1,795)</u>

INTERNAL SERVICE FUND

Health Insurance Fund – to account for employee medical, dental, and prescription insurance premiums and claims.

County of McHenry, Illinois
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
November 30, 2012

	<u>Health Insurance</u>
ASSETS	
Current	
Cash and equivalents	\$ 4,704,699
Due from other funds	<u>1,175,721</u>
Total Assets	<u>5,880,420</u>
LIABILITIES	
Current	
Accounts payable	978
Claims and judgments	<u>2,298,149</u>
Total Liabilities	<u>2,299,127</u>
NET ASSETS - UNRESTRICTED	<u>\$ 3,581,293</u>

County of McHenry, Illinois
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
For the Year Ended November 30, 2012

	Health Insurance
OPERATING REVENUES	
Charges for services	\$ <u>17,764,570</u>
OPERATING EXPENSES	
Contractual services	17,537,217
Commodities	<u>1,254</u>
Total Operating Expenses	<u>17,538,471</u>
Operating income	<u>226,099</u>
NONOPERATING REVENUES	
Grants, contributions, and intergovernmental	62,049
Investment income	<u>6,111</u>
Total Nonoperating Revenues	<u>68,160</u>
Net Change in Net Assets	294,259
Net Assets - Beginning of Year	<u>3,287,034</u>
Net Assets - End of Year	<u><u>\$ 3,581,293</u></u>

County of McHenry, Illinois
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended November 30, 2012

	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 18,908,675
Payments to third party administrator	(17,154,741)
Payments to suppliers	(63,742)
Net Cash Flows from Operating Activities	1,690,192
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants received	62,049
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash receipts from investment income	6,111
Net Change in Cash and Equivalents	1,758,352
Cash and Equivalents - Beginning of Year	2,946,347
Cash and Equivalents - End of Year	\$ 4,704,699
 RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 226,099
Adjustments to reconcile operating income to net cash flows from operating activities	
Change in assets and liabilities	
Due from other funds	1,144,105
Accounts payable	(2,025)
Claims and judgments	322,013
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,690,192

County of McHenry, Illinois
 SCHEDULE OF OPERATING AND NONOPERATING REVENUES AND
 EXPENSES - BUDGET AND ACTUAL
 HEALTH INSURANCE FUND
 For the Year Ended November 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES				
Charges for services	\$ <u>19,068,011</u>	\$ <u>19,068,011</u>	\$ <u>17,764,570</u>	\$ <u>(1,303,441)</u>
OPERATING EXPENSES				
Contractual services	\$ 19,135,511	\$ 19,135,511	\$ 17,537,217	\$ 1,598,294
Commodities	<u>6,850</u>	<u>6,850</u>	<u>1,254</u>	<u>5,596</u>
Total Operating Expenses	\$ <u>19,142,361</u>	\$ <u>19,142,361</u>	\$ <u>17,538,471</u>	\$ <u>1,603,890</u>
NONOPERATING REVENUES				
Grants, contributions, and intergovernmental	\$ -	\$ -	\$ 62,049	\$ 62,049
Investment income	<u>4,000</u>	<u>4,000</u>	<u>6,111</u>	<u>2,111</u>
Total Nonoperating Revenues	\$ <u>4,000</u>	\$ <u>4,000</u>	\$ <u>68,160</u>	\$ <u>64,160</u>

AGENCY FUNDS

Treasurer Fund – to account for the funds held by the Treasurer as an agent responsible for drainage districts, the inheritance tax account, protested taxes, tax sales escrow, and interest earned on real estate taxes.

Clerk of the Circuit Court Fund – to account for the funds held by the Clerk of the Circuit Court as an agent for the courts.

Highway Fund – to account for township motor fuel tax funds held by the Division of Transportation.

Valley Hi Resident Fund – to account for the funds held by Valley Hi Nursing Home as an agent for residents and donations made for the benefit of the residents.

County Clerk Redemption Fund – to account for the funds held by the County Clerk as an agent for delinquent tax payers.

Collector Fund – to account for the funds held by the County as an agent responsible for collecting property taxes.

Illinois Housing Surcharge Fund - to account for the rental housing support program surcharge that is collected for the recording of real estate documents and remitted to the State.

County of McHenry, Illinois
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
November 30, 2012

	<u>Treasurer Fund</u>	<u>Clerk of the Circuit Court Fund</u>	<u>Highway Fund</u>	<u>Valley Hi Resident Fund</u>
ASSETS				
Cash and equivalents	\$ 1,645,648	\$ 3,961,553	\$ 1,232,385	\$ 54,238
Due from other governments	-	-	86,135	-
Total Assets	<u>\$ 1,645,648</u>	<u>\$ 3,961,553</u>	<u>\$ 1,318,520</u>	<u>\$ 54,238</u>
LIABILITIES				
Accounts payable	-	-	129,645	-
Due to residents	-	-	-	54,238
Bond escrow	-	2,969,111	-	-
Due to other governments	1,645,648	578,830	1,188,875	-
Other liabilities	-	413,612	-	-
Total Liabilities	<u>\$ 1,645,648</u>	<u>\$ 3,961,553</u>	<u>\$ 1,318,520</u>	<u>\$ 54,238</u>

County Clerk Redemption Fund	Collector Fund	Illinois Housing Surcharge Fund	Totals
\$ 659,000	\$ 7,341,805	\$ 44,667	\$ 14,939,296
<u>-</u>	<u>-</u>	<u>-</u>	<u>86,135</u>
<u>\$ 659,000</u>	<u>\$ 7,341,805</u>	<u>\$ 44,667</u>	<u>\$ 15,025,431</u>
\$ -	\$ -	\$ -	\$ 129,645
-	-	-	54,238
-	-	-	2,969,111
-	7,341,805	44,667	10,799,825
<u>659,000</u>	<u>-</u>	<u>-</u>	<u>1,072,612</u>
<u>\$ 659,000</u>	<u>\$ 7,341,805</u>	<u>\$ 44,667</u>	<u>\$ 15,025,431</u>

County of McHenry, Illinois
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended November 30, 2012

	Balance December 1, 2011	Additions	Deductions	Balance November 30, 2012
Treasurer Fund				
ASSETS				
Cash and equivalents	\$ 1,842,221	\$ 17,885,437	\$ 18,082,010	\$ 1,645,648
LIABILITIES				
Due to other governments	\$ 1,842,221	\$ 17,885,437	\$ 18,082,010	\$ 1,645,648
Clerk of the Circuit Court Fund				
ASSETS				
Cash and equivalents	\$ 4,626,066	\$ 28,356,309	\$ 29,020,822	\$ 3,961,553
LIABILITIES				
Bond escrow	\$ 3,590,238	\$ 5,738,365	6,359,492	\$ 2,969,111
Due to other governments	608,570	16,639,442	16,669,182	578,830
Other liabilities	427,258	5,978,502	5,992,148	413,612
Total Liabilities	\$ 4,626,066	\$ 28,356,309	\$ 29,020,822	\$ 3,961,553
Highway Fund				
ASSETS				
Cash and equivalents	\$ 1,297,800	\$ 1,160,257	\$ 1,225,672	\$ 1,232,385
Due from other governments	89,926	-	3,791	86,135
Total Assets	\$ 1,387,726	\$ 1,160,257	\$ 1,229,463	\$ 1,318,520
LIABILITIES				
Accounts payable	\$ 107,403	\$ 1,243,033	\$ 1,220,791	\$ 129,645
Due to other governments	1,280,323	1,156,466	1,247,914	1,188,875
Total Liabilities	\$ 1,387,726	\$ 2,399,499	\$ 2,468,705	\$ 1,318,520
Valley Hi Resident Fund				
ASSETS				
Cash and equivalents	\$ 50,437	\$ 66,127	\$ 62,326	\$ 54,238
LIABILITIES				
Due to residents	\$ 50,437	\$ 66,127	\$ 62,326	\$ 54,238

(Continued)

County of McHenry, Illinois
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended November 30, 2012

	Balance December 1, 2011	Additions	Deductions	Balance November 30, 2012
County Clerk Redemption Fund				
ASSETS				
Cash and equivalents	\$ 1,661,508	\$ 19,709,458	\$ 20,711,966	\$ 659,000
LIABILITIES				
Other liabilities	\$ 1,661,508	\$ 19,709,458	\$ 20,711,966	\$ 659,000
Collector Fund				
ASSETS				
Cash and equivalents	\$ 10,842,435	\$ 795,698,778	\$ 799,199,408	\$ 7,341,805
LIABILITIES				
Due to other governments	\$ 10,842,435	\$ 795,698,778	\$ 799,199,408	\$ 7,341,805
Illinois Housing Surcharge Fund				
ASSETS				
Cash and equivalents	\$ 37,125	\$ 496,161	\$ 488,619	\$ 44,667
LIABILITIES				
Due to other governments	\$ 37,125	\$ 496,161	\$ 488,619	\$ 44,667
Totals				
ASSETS				
Cash and equivalents	\$ 20,357,592	\$ 863,372,527	\$ 868,790,823	\$ 14,939,296
Due from other governments	89,926	-	3,791	86,135
Total Assets	\$ 20,447,518	\$ 863,372,527	\$ 868,794,614	\$ 15,025,431
LIABILITIES				
Accounts payable	\$ 107,403	\$ 1,243,033	\$ 1,220,791	\$ 129,645
Due to residents	50,437	66,127	62,326	54,238
Bond escrow	3,590,238	5,738,365	6,359,492	2,969,111
Due to other governments	14,610,674	831,876,284	835,687,133	10,799,825
Other liabilities	2,088,766	25,687,960	26,704,114	1,072,612
Total Liabilities	\$ 20,447,518	\$ 864,611,769	\$ 870,033,856	\$ 15,025,431

(Concluded)

STATISTICAL

County of McHenry, Illinois
INTRODUCTION TO THE STATISTICAL SECTION
November 30, 2012

STATISTICAL SECTION

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	163 - 170
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate the County's most significant own-source revenue, property taxes.	171 - 175
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	176 - 180
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	181 - 182
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	183 - 185

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

County of McHenry, Illinois
NET ASSETS - BY COMPONENT
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 107,715,887	\$ 134,784,412	\$ 145,163,278	\$ 154,597,466
Restricted	57,666,190	51,379,812	61,238,252	72,186,833
Unrestricted	<u>30,047,980</u>	<u>31,772,567</u>	<u>39,567,120</u>	<u>44,583,626</u>
Total Governmental Activities	<u>\$ 195,430,057</u>	<u>\$ 217,936,791</u>	<u>\$ 245,968,650</u>	<u>\$ 271,367,925</u>
Business-Type Activities				
Invested in capital assets, net of related debt	\$ 2,083,807	\$ 2,833,585	\$ 2,960,686	\$ 5,061,542
Restricted	-	-	-	-
Unrestricted	<u>4,551,688</u>	<u>6,842,523</u>	<u>10,931,627</u>	<u>13,770,255</u>
Total Business-Type Activities	<u>\$ 6,635,495</u>	<u>\$ 9,676,108</u>	<u>\$ 13,892,313</u>	<u>\$ 18,831,797</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 109,799,694	\$ 137,617,997	\$ 148,123,964	\$ 159,659,008
Restricted	57,666,190	51,379,812	61,238,252	72,186,833
Unrestricted	<u>34,599,668</u>	<u>38,615,090</u>	<u>50,498,747</u>	<u>58,353,881</u>
Total Primary Government	<u>\$ 202,065,552</u>	<u>\$ 227,612,899</u>	<u>\$ 259,860,963</u>	<u>\$ 290,199,722</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	168,077,235	\$ 186,108,100	\$ 193,667,253	\$ 209,424,352	\$ 223,693,448	\$ 238,349,986
	83,884,874	94,814,206	110,628,189	107,121,300	116,754,427	111,049,850
	<u>50,060,006</u>	<u>43,594,428</u>	<u>44,841,564</u>	<u>48,003,693</u>	<u>39,868,128</u>	<u>39,069,307</u>
\$	<u>302,022,115</u>	<u>324,516,734</u>	<u>349,137,006</u>	<u>364,549,345</u>	<u>380,316,003</u>	<u>388,469,143</u>
\$	4,531,583	\$ 4,568,317	\$ 7,291,886	\$ 7,709,277	\$ 7,685,488	\$ 15,518,830
	411,176	41,191	492,746	693,237	707,422	-
	<u>16,996,918</u>	<u>22,272,580</u>	<u>23,773,241</u>	<u>27,700,590</u>	<u>33,962,683</u>	<u>32,871,174</u>
\$	<u>21,939,677</u>	<u>26,882,088</u>	<u>31,557,873</u>	<u>36,103,104</u>	<u>42,355,593</u>	<u>48,390,004</u>
\$	172,608,818	\$ 190,676,417	\$ 200,959,139	\$ 217,133,629	\$ 231,378,936	\$ 253,868,816
	84,296,050	94,855,397	111,120,935	107,814,537	117,461,849	111,049,850
	<u>67,056,924</u>	<u>65,867,008</u>	<u>68,614,805</u>	<u>75,704,283</u>	<u>73,830,811</u>	<u>71,940,481</u>
\$	<u>323,961,792</u>	<u>351,398,822</u>	<u>380,694,879</u>	<u>400,652,449</u>	<u>422,671,596</u>	<u>436,859,147</u>

County of McHenry, Illinois
CHANGES IN NET ASSETS
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental Activities										
General and administrative	\$ 23,676,820	\$ 27,646,469	\$ 28,374,915	\$ 33,304,143	\$ 28,649,900	\$ 36,269,025	\$ 32,184,476	\$ 34,857,021	\$ 31,708,738	\$ 35,519,392
Community development	3,218,942	3,179,212	3,554,274	2,678,785	3,449,524	2,169,597	3,027,001	7,364,952	4,770,885	4,286,876
Transportation	11,338,648	10,959,478	10,246,229	10,997,498	12,260,312	13,292,664	18,281,173	17,782,366	18,281,227	19,818,851
Public safety	20,217,208	22,165,042	24,600,341	28,854,125	30,956,789	33,132,115	38,590,241	38,047,322	38,737,004	38,884,186
Judiciary and court related	9,666,987	9,959,549	10,056,275	10,916,010	12,829,189	13,518,255	13,604,193	13,778,713	13,943,432	13,996,893
Public health and welfare	17,433,720	19,546,619	21,190,249	23,454,095	24,368,771	27,184,973	28,574,453	28,710,653	27,557,830	28,423,928
Interest and fiscal charges	816,003	1,051,569	1,125,887	1,257,230	2,149,414	3,312,029	3,182,260	3,102,232	2,726,775	2,336,518
Total Governmental Activities	<u>86,368,328</u>	<u>94,507,938</u>	<u>99,148,170</u>	<u>111,461,886</u>	<u>114,663,899</u>	<u>128,878,658</u>	<u>137,443,797</u>	<u>143,643,259</u>	<u>137,725,891</u>	<u>143,266,644</u>
Business-Type Activities										
Public health and welfare	6,758,361	6,983,097	7,374,613	7,515,927	9,737,659	9,541,020	10,042,346	10,085,088	9,527,978	10,380,394
Public safety	1,282,811	1,423,930	1,443,884	1,652,536	1,979,992	2,011,399	2,315,535	2,331,714	2,765,086	2,580,677
Total Business-Type Activities	<u>8,041,172</u>	<u>8,407,027</u>	<u>8,818,497</u>	<u>9,168,463</u>	<u>11,717,651</u>	<u>11,552,419</u>	<u>12,357,881</u>	<u>12,416,802</u>	<u>12,293,064</u>	<u>12,961,071</u>
Total Primary Government	<u>\$ 94,409,500</u>	<u>\$ 102,914,965</u>	<u>\$ 107,966,667</u>	<u>\$ 120,630,349</u>	<u>\$ 126,381,550</u>	<u>\$ 140,431,077</u>	<u>\$ 149,801,678</u>	<u>\$ 156,060,061</u>	<u>\$ 150,018,955</u>	<u>\$ 156,227,715</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for services										
General and administrative	\$ 6,484,995	\$ 5,987,596	\$ 5,969,389	\$ 6,283,160	\$ 5,778,519	\$ 5,135,160	\$ 6,265,612	\$ 6,779,291	\$ 5,550,919	\$ 6,005,617
Community development	1,507,319	1,424,704	1,445,958	1,518,472	1,075,295	804,410	526,487	541,192	474,634	428,441
Transportation	311,211	185,824	124,566	114,214	135,169	96,965	86,869	69,027	63,040	95,369
Public safety	3,867,254	4,792,507	4,029,496	9,641,669	10,488,124	12,064,091	12,637,154	12,120,177	13,465,305	11,381,987
Judiciary and court related	6,784,695	7,237,267	8,335,964	8,339,350	9,595,094	9,745,480	9,716,466	9,488,739	9,122,454	8,839,484
Public health and welfare	1,696,503	1,796,044	1,737,788	1,818,859	1,964,354	2,038,370	1,961,645	2,029,130	2,016,524	1,884,605
Operating grants and contributions	15,462,135	16,274,639	22,196,108	18,505,216	23,600,690	22,656,506	31,454,008	32,636,359	25,326,118	22,450,688
Capital grants and contributions	2,462,830	3,172,853	1,050,053	2,223,295	3,800,048	5,141,148	5,778,791	1,206,453	-	255,707
Total Governmental Activities	<u>38,576,942</u>	<u>40,871,434</u>	<u>44,889,322</u>	<u>48,444,235</u>	<u>56,437,293</u>	<u>57,682,130</u>	<u>68,427,032</u>	<u>64,870,368</u>	<u>56,018,994</u>	<u>51,341,898</u>
Business-Type Activities										
Charges for services										
Public health and welfare	\$ 5,415,908	\$ 5,429,848	\$ 5,513,459	\$ 5,475,126	\$ 6,702,116	\$ 6,790,327	\$ 8,196,650	\$ 8,429,840	\$ 9,980,585	\$ 10,235,827
Public safety	1,854,087	1,932,388	1,966,275	2,032,278	2,209,926	3,223,595	2,660,384	2,491,834	2,556,939	2,736,436
Total Business-Type Activities	<u>7,269,995</u>	<u>7,362,236</u>	<u>7,479,734</u>	<u>7,507,404</u>	<u>8,912,042</u>	<u>10,013,922</u>	<u>10,857,034</u>	<u>10,921,674</u>	<u>12,537,524</u>	<u>12,972,263</u>
Total Primary Government	<u>\$ 45,846,937</u>	<u>\$ 48,233,670</u>	<u>\$ 52,369,056</u>	<u>\$ 55,951,639</u>	<u>\$ 65,349,335</u>	<u>\$ 67,696,052</u>	<u>\$ 79,284,066</u>	<u>\$ 75,792,042</u>	<u>\$ 68,556,518</u>	<u>\$ 64,314,161</u>

County of McHenry, Illinois
CHANGES IN NET ASSETS (Continued)
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET (EXPENSE)/REVENUE										
Governmental Activities	\$ (47,791,386)	\$ (53,636,504)	\$ (54,258,848)	\$ (63,017,651)	\$ (58,226,606)	\$ (71,196,528)	\$ (69,016,765)	\$ (78,772,891)	\$ (81,706,897)	\$ (91,924,746)
Business-Type Activities	<u>(771,177)</u>	<u>(1,044,791)</u>	<u>(1,338,763)</u>	<u>(1,661,059)</u>	<u>(2,805,609)</u>	<u>(1,538,497)</u>	<u>(1,500,847)</u>	<u>(1,495,128)</u>	<u>244,460</u>	<u>11,192</u>
Total Primary Government	\$ <u>(48,562,563)</u>	\$ <u>(54,681,295)</u>	\$ <u>(55,597,611)</u>	\$ <u>(64,678,710)</u>	\$ <u>(61,032,215)</u>	\$ <u>(72,735,025)</u>	\$ <u>(70,517,612)</u>	\$ <u>(80,268,019)</u>	\$ <u>(81,462,437)</u>	\$ <u>(91,913,554)</u>
GENERAL REVENUES AND TRANSFERS										
Governmental Activities										
Property taxes	\$ 39,737,955	\$ 46,269,635	\$ 51,157,800	\$ 56,249,505	\$ 60,175,903	\$ 63,395,685	\$ 67,859,666	\$ 68,390,469	\$ 70,755,868	\$ 72,206,475
Sales taxes	7,784,840	8,581,519	8,956,331	9,580,333	9,533,202	15,003,386	15,983,268	16,704,187	17,481,700	18,036,621
State income taxes	4,221,606	4,317,250	5,057,081	5,465,713	5,875,908	6,214,390	5,603,268	4,880,880	5,139,609	5,749,691
Tax transfer stamps	4,138,288	4,399,145	5,025,204	4,631,095	3,264,738	1,968,253	1,232,451	1,203,780	1,123,002	1,258,599
Other taxes	5,828,875	6,717,627	6,582,582	6,575,678	1,804,030	2,173,857	1,763,703	1,744,807	1,955,665	2,006,647
Investment income	974,181	1,102,691	2,669,378	5,006,956	6,713,449	4,577,645	584,228	423,535	342,007	309,709
Miscellaneous	366,062	695,973	491,906	792,329	610,444	357,931	565,895	837,572	675,704	469,454
Gain on sale of capital assets	43,200	29,538	-	115,317	71,889	-	44,558	-	-	40,690
Transfers	-	-	-	-	831,233	-	-	-	-	-
Total Governmental Activities	<u>63,095,007</u>	<u>72,113,378</u>	<u>79,940,282</u>	<u>88,416,926</u>	<u>88,880,796</u>	<u>93,691,147</u>	<u>93,637,037</u>	<u>94,185,230</u>	<u>97,473,555</u>	<u>100,077,886</u>
Business-Type Activities										
Property taxes	2,999,731	3,998,695	5,320,288	5,996,097	5,998,876	5,932,935	5,994,282	5,919,050	5,912,097	5,950,311
Investment income	57,517	86,709	234,680	479,999	745,846	547,973	182,350	121,309	95,932	72,908
Transfers	-	-	-	-	(831,233)	-	-	-	-	-
Total Business-Type Activities	<u>3,057,248</u>	<u>4,085,404</u>	<u>5,554,968</u>	<u>6,476,096</u>	<u>5,913,489</u>	<u>6,480,908</u>	<u>6,176,632</u>	<u>6,040,359</u>	<u>6,008,029</u>	<u>6,023,219</u>
Total Primary Government	\$ <u>66,152,255</u>	\$ <u>76,198,782</u>	\$ <u>85,495,250</u>	\$ <u>94,893,022</u>	\$ <u>94,794,285</u>	\$ <u>100,172,055</u>	\$ <u>99,813,669</u>	\$ <u>100,225,589</u>	\$ <u>103,481,584</u>	\$ <u>106,101,105</u>
CHANGE IN NET ASSETS										
Governmental Activities	\$ 15,303,621	\$ 18,476,874	\$ 25,681,434	\$ 25,399,275	\$ 30,654,190	\$ 22,494,619	\$ 24,620,272	\$ 15,412,339	\$ 15,766,658	\$ 8,153,140
Business-Type Activities	<u>2,286,071</u>	<u>3,040,613</u>	<u>4,216,205</u>	<u>4,815,037</u>	<u>3,107,880</u>	<u>4,942,411</u>	<u>4,675,785</u>	<u>4,545,231</u>	<u>6,252,489</u>	<u>6,034,411</u>
Total Primary Government	\$ <u>17,589,692</u>	\$ <u>21,517,487</u>	\$ <u>29,897,639</u>	\$ <u>30,214,312</u>	\$ <u>33,762,070</u>	\$ <u>27,437,030</u>	\$ <u>29,296,057</u>	\$ <u>19,957,570</u>	\$ <u>22,019,147</u>	\$ <u>14,187,551</u>

County of McHenry, Illinois
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 1,160,301	\$ 903,109	\$ 981,546	\$ 1,841,063	\$ 3,367,690
Unreserved	25,203,850	31,409,259	35,354,484	39,680,368	42,525,921
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 26,364,151</u>	<u>\$ 32,312,368</u>	<u>\$ 36,336,030</u>	<u>\$ 41,521,431</u>	<u>\$ 45,893,611</u>
All Other Governmental Funds					
Reserved	\$ 12,815,996	\$ 11,692,162	\$ 10,994,326	\$ 15,815,383	\$ 17,104,118
Unreserved					
Special revenue funds	43,737,269	39,168,190	50,058,502	54,420,402	64,119,701
Capital projects funds	83,390	7,335,205	3,935,868	3,605,068	32,098,411
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 56,636,655</u>	<u>\$ 58,195,557</u>	<u>\$ 64,988,696</u>	<u>\$ 73,840,853</u>	<u>\$ 113,322,230</u>

Note: The County implemented GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions in 2011. This statement establishes new fund balance classifications, which are based primarily on the extent to which the County is bound to observe constraints on the use of the resources reported in governmental funds. As a result of implementing this standard, the fund balance categories used beginning in 2011 are not directly comparable the fund balance categories used prior to 2011.

	2008	2009	2010	2011	2012
\$	4,896,687	\$ 3,890,055	\$ 4,543,345	\$ -	\$ -
	38,848,139	44,881,550	47,525,814	-	-
	-	-	-	1,440,951	979,132
	-	-	-	929,636	366,748
	-	-	-	2,957,458	3,832,006
	-	-	-	48,567,345	48,046,334
\$	<u>43,744,826</u>	<u>48,771,605</u>	<u>52,069,159</u>	<u>53,895,390</u>	<u>53,224,220</u>
\$	21,158,012	\$ 21,152,055	\$ 36,357,884	\$ -	\$ -
	66,212,656	77,525,162	68,443,969	-	-
	13,341,272	260,818	14,036	-	-
	-	-	-	1,423,664	1,348,569
	-	-	-	110,227,554	105,282,972
	-	-	-	1,892,753	1,883,704
	-	-	-	(841,118)	(604,437)
\$	<u>100,711,940</u>	<u>98,938,035</u>	<u>104,815,889</u>	<u>112,702,853</u>	<u>107,910,808</u>

County of McHenry, Illinois
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES					
Charges for services	\$ 17,038,547	\$ 17,102,573	\$ 17,777,743	\$ 23,884,511	\$ 26,105,579
Licenses and permits	2,265,291	2,218,767	2,215,929	2,161,925	1,762,656
Fines and forfeitures	1,391,334	1,596,750	1,621,631	1,561,136	1,629,982
Grants, contributions, and intergovernmental	16,131,921	16,293,271	23,587,863	17,920,531	23,172,332
Property taxes	37,253,009	42,270,940	46,421,825	50,749,521	54,626,949
Sales taxes	7,784,840	8,581,519	8,956,331	9,530,333	9,533,202
State income taxes	4,221,606	4,317,250	5,057,081	5,465,713	5,875,908
Tax transfer stamps	4,138,288	4,399,145	5,025,204	4,631,095	3,264,738
Other taxes	5,889,875	6,667,627	6,527,582	6,558,678	2,143,030
Investment income	972,077	1,099,717	2,663,286	4,995,957	6,407,385
Miscellaneous	409,262	790,720	491,906	870,873	650,032
Total Revenues	<u>97,496,050</u>	<u>105,338,279</u>	<u>120,346,381</u>	<u>128,330,273</u>	<u>135,171,793</u>
EXPENDITURES					
Current					
General and administrative	19,616,747	22,446,128	24,134,700	26,806,604	26,984,381
Community development	3,312,053	3,244,591	3,605,047	2,692,960	3,428,328
Transportation	8,238,014	10,312,253	8,397,687	9,546,135	12,599,577
Public safety	19,084,234	20,672,454	23,844,358	27,347,522	29,912,573
Judiciary and court related	9,576,539	9,886,552	10,169,039	10,819,640	13,497,931
Public health and welfare	17,514,954	19,394,949	21,513,474	23,560,643	24,679,407
Capital outlay	13,057,462	18,946,483	19,558,629	15,134,089	32,474,800
Debt service					
Principal retirement	5,581,736	1,996,101	1,587,517	2,252,439	3,220,206
Interest and fiscal charges	737,564	894,418	1,032,157	1,140,762	1,090,312
Total Expenditures	<u>96,719,303</u>	<u>107,793,929</u>	<u>113,842,608</u>	<u>119,300,794</u>	<u>147,887,515</u>
Excess (deficiency) of revenues over expenditures	<u>776,747</u>	<u>(2,455,650)</u>	<u>6,503,773</u>	<u>9,029,479</u>	<u>(12,715,722)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,878,972	2,866,871	2,576,516	6,331,432	24,521,463
Transfers out	(2,397,170)	(2,866,871)	(2,592,516)	(6,331,432)	(24,521,463)
Debt certificates issued	-	9,600,000	3,100,000	4,688,000	54,885,000
Refunding debt certificates issued	-	-	-	3,592,000	-
Premium on debt issuance	-	-	-	-	137,921
Payment to bond escrow agent	-	-	-	(3,522,175)	-
Capital leases issued	300,000	362,769	913,563	250,254	1,546,358
Total Other Financing Sources (Uses)	<u>(218,198)</u>	<u>9,962,769</u>	<u>3,997,563</u>	<u>5,008,079</u>	<u>56,569,279</u>
Net Change in Fund Balances	<u>\$ 558,549</u>	<u>\$ 7,507,119</u>	<u>\$ 10,501,336</u>	<u>\$ 14,037,558</u>	<u>\$ 43,853,557</u>
Debt service as a percentage of noncapital expenditures	<u>7.6 %</u>	<u>3.3 %</u>	<u>2.8 %</u>	<u>3.3 %</u>	<u>3.9 %</u>

	2008	2009	2010	2011	2012
\$	24,538,491	\$ 30,460,458	\$ 28,813,360	\$ 28,602,757	\$ 26,671,499
	1,422,286	1,147,302	1,166,773	1,068,367	1,057,632
	1,534,686	1,328,070	1,260,451	1,159,054	1,095,605
	22,599,354	27,441,735	35,501,450	28,679,928	23,297,655
	58,945,966	63,863,503	64,562,786	70,755,868	72,206,475
	14,392,386	16,052,268	18,048,187	17,481,700	18,036,621
	6,214,390	4,703,268	5,780,880	5,139,609	5,749,691
	1,968,253	1,232,451	1,203,780	1,123,002	1,258,599
	2,173,857	1,779,703	1,804,807	1,955,665	2,006,647
	4,650,860	733,638	424,921	340,280	305,078
	364,393	610,453	837,572	719,739	510,144
	<u>138,804,922</u>	<u>149,352,849</u>	<u>159,404,967</u>	<u>157,025,969</u>	<u>152,195,646</u>
	26,373,070	27,059,336	28,389,135	30,860,975	31,904,248
	2,163,939	3,029,167	7,340,586	4,739,417	4,234,982
	13,937,579	18,708,657	18,675,266	18,835,196	18,672,852
	31,495,112	36,479,080	36,125,726	36,235,507	37,041,770
	15,791,493	13,901,681	13,890,625	13,745,080	13,835,337
	27,189,292	28,632,690	28,974,311	27,586,500	28,276,597
	27,344,905	11,154,580	13,805,171	18,429,974	12,236,735
	7,798,926	8,548,252	8,597,661	9,468,785	13,731,719
	3,507,908	3,264,626	2,901,750	3,009,679	2,545,139
	<u>155,602,224</u>	<u>150,778,069</u>	<u>158,700,231</u>	<u>162,911,113</u>	<u>162,479,379</u>
	<u>(16,797,302)</u>	<u>(1,425,220)</u>	<u>704,736</u>	<u>(5,885,144)</u>	<u>(10,283,733)</u>
	31,671,737	30,615,292	13,644,072	24,073,795	24,415,247
	(31,671,737)	(30,615,292)	(13,644,072)	(24,073,795)	(24,415,247)
	-	4,480,000	8,147,000	-	-
	-	-	3,448,000	-	5,465,000
	-	28,416	459,447	-	166,455
	-	-	(3,583,775)	-	(1,073,000)
	2,038,227	169,678	-	2,924,043	262,063
	<u>2,038,227</u>	<u>4,678,094</u>	<u>8,470,672</u>	<u>2,924,043</u>	<u>4,820,518</u>
\$	<u>(14,759,075)</u>	<u>\$ 3,252,874</u>	<u>\$ 9,175,408</u>	<u>\$ (2,961,101)</u>	<u>\$ (5,463,215)</u>
	<u>9.2 %</u>	<u>8.8 %</u>	<u>8.2 %</u>	<u>8.9 %</u>	<u>11.1 %</u>

County of McHenry, Illinois
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Levy Years

Fiscal Year	Real Property					Railroad Property and Other	Total Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Total Assessed Value as a % of Estimated Actual Value
	Farm	Residential	Commercial	Industrial	Other					
2003	\$ 195,335,290	\$ 5,109,673,949	\$ 724,761,093	\$ 319,815,302	\$ 12,561,726	\$ 4,258,627	\$ 6,366,405,987	\$ 19,099,217,961	\$ 0.673	33.3 %
2004	201,634,517	5,710,037,487	780,498,796	326,803,649	13,193,732	4,590,449	7,036,758,630	21,110,275,890	0.715	33.3
2005	209,598,061	6,266,193,513	863,041,722	347,842,544	13,756,505	5,115,632	7,705,547,977	23,116,643,931	0.735	33.3
2006	227,318,495	7,010,406,096	946,541,231	359,681,646	15,933,834	4,780,696	8,564,661,998	25,693,985,994	0.728	33.3
2007	242,284,601	7,739,948,744	1,042,482,191	378,488,761	15,210,290	5,075,587	9,423,490,174	28,270,470,522	0.706	33.3
2008	255,194,149	8,360,880,272	1,125,071,165	395,468,291	14,396,994	4,909,505	10,155,920,376	30,467,761,128	0.687	33.3
2009	270,049,021	8,639,858,959	1,186,655,676	410,478,144	14,245,656	5,356,962	10,526,644,418	31,579,933,254	0.701	33.3
2010	276,678,637	8,522,019,341	1,206,095,170	411,119,294	13,427,368	6,243,622	10,435,583,432	31,306,750,296	0.716	33.3
2011	275,661,935	7,866,580,876	1,166,707,825	397,434,087	13,333,125	7,763,227	9,727,481,075	29,182,443,225	0.792	33.3
2012	263,585,558	7,155,985,786	1,042,866,545	359,374,976	12,328,505	8,207,596	8,842,348,966	26,527,046,898	0.888	33.3

Source: McHenry County Assessor's Office.

Note: Property in McHenry County is reassessed annually. The County assesses property at approximately 33.3% of actual value. Estimated actual value is calculated by dividing total assessed value by that percentage. Tax rates are per \$100 of assessed value.

County of McHenry, Illinois
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Levy Years

	Year Taxes Payable				
	2003	2004	2005	2006	2007
DIRECT RATES - COUNTY					
General	0.250	0.250	0.247	0.250	0.250
Highway	0.046	0.057	0.055	0.060	0.064
County Bridge	0.002	0.003	0.003	0.002	0.004
Matching	0.012	0.014	0.013	0.012	0.028
Mental Health	0.118	0.121	0.125	0.121	0.118
Tuberculosis Care and Treatment	0.002	0.003	0.003	0.002	0.002
Illinois Municipal Retirement	0.040	0.066	0.075	0.070	0.056
Veterans' Assistance	0.005	0.009	0.008	0.007	0.006
Loss Prevention and Protection	0.039	0.057	0.062	0.064	0.059
Debt Service	0.071	0.011	-	-	-
Social Security	0.041	0.043	0.052	0.049	0.036
Senior Services	-	0.025	0.023	0.021	0.019
Nursing Home	0.047	0.057	0.069	0.070	0.064
Total County	0.673	0.715	0.735	0.728	0.706
OVERLAPPING RATES					
Municipalities	0.221 - 1.526	0.202 - 1.512	0.191 - 1.472	0.184 - 1.467	0.180 - 1.426
Unit School Districts	3.905 - 4.920	3.522 - 4.791	3.654 - 4.738	3.587 - 4.517	3.446 - 4.677
Elementary School Districts	2.023 - 3.360	2.029 - 3.498	1.941 - 3.743	1.862 - 3.683	1.919 - 3.754
High School Districts	1.815 - 2.157	1.759 - 2.093	1.970 - 2.035	1.659 - 2.086	1.599 - 2.154
Community College Districts	0.318 - 0.438	0.301 - 0.453	0.301 - 0.450	0.256 - 0.447	0.274 - 0.491
Conservation District	0.173	0.166	0.158	0.149	0.143
Township and Road Districts	0.128 - 0.744	0.118 - 0.736	0.110 - 0.701	0.105 - 0.664	0.102 - 0.644
Park Districts	0.025 - 0.592	0.025 - 0.577	0.028 - 0.553	0.300 - 0.534	0.031 - 0.524
Fire Protection Districts	0.138 - 0.658	0.134 - 0.656	0.132 - 0.660	0.126 - 0.635	0.189 - 0.623
Library Districts	0.082 - 0.446	0.080 - 0.429	0.078 - 0.418	0.074 - 0.400	0.071 - 0.395
Sanitary Districts	0.047 - 0.066	0.044 - 0.061	0.044 - 0.060	0.045 - 0.057	0.044 - 0.056
Cemetery Districts	0.001 - 0.010	0.001 - 0.009	0.001 - 0.008	0.001 - 0.008	0.001 - 0.008
Rescue Squad District	0.096	0.093	0.091	0.088	0.200

Source: McHenry County Clerk's Office.

Notes: Rates are per \$100 of assessed valuation.

The County's ability to change property taxes is limited by the Property Tax Extension Limitation Law (PTELL). Increases are limited to the lesser of 5 percent or the increase in the national consumer price index (CPI) for the year preceding the levy year. For the 2011 levy (payable in 2012), the increase was limited to the CPI increase of 1.5%.

Year Taxes Payable

2008	2009	2010	2011	2012
0.285	0.300	0.326	0.370	0.417
0.060	0.060	0.060	0.065	0.072
0.010	0.009	0.010	0.010	0.012
0.034	0.033	0.010	0.011	0.013
0.114	0.116	0.118	0.129	0.144
0.003	0.004	0.004	0.005	0.004
0.037	0.038	0.043	0.046	0.053
0.006	0.005	0.003	0.004	0.004
0.044	0.038	0.037	0.040	0.044
-	-	-	-	-
0.017	0.024	0.031	0.033	0.037
0.018	0.017	0.017	0.018	0.020
0.059	0.057	0.057	0.061	0.068
<u>0.687</u>	<u>0.701</u>	<u>0.716</u>	<u>0.792</u>	<u>0.888</u>
0.175 - 1.409	0.178 - 1.447	0.180 - 1.487	0.192 - 1.707	0.207 - 1.943
3.378 - 4.609	3.172 - 4.693	3.274 - 4.791	3.503 - 5.226	3.638 - 5.894
1.869 - 3.714	1.891 - 3.794	1.956 - 3.933	2.154 - 4.229	2.487 - 5.250
1.552 - 2.149	1.559 - 2.241	1.625 - 2.279	1.780 - 2.510	2.093 - 2.926
0.263 - 0.478	0.258 - 0.436	0.274 - 0.467	0.278 - 0.454	0.290 - 0.465
0.174	0.173	0.178	0.196	0.219
0.098 - 0.629	0.099 - 0.647	0.101 - 0.658	0.123 - 0.708	0.123 - 0.586
0.032 - 0.508	0.029 - 0.528	0.032 - 0.535	0.034 - 0.575	0.035 - 0.659
0.184 - 0.612	0.188 - 0.638	0.193 - 0.637	0.213 - 0.718	0.243 - 0.722
0.069 - 0.383	0.071 - 0.392	0.072 - 0.391	0.078 - 0.419	0.089 - 0.467
0.049 - 0.054	0.056 - 0.057	0.057	0.062 - 0.066	0.070 - 0.071
0.001 - 0.008	0.001 - 0.008	0.001 - 0.008	0.001 - 0.009	0.002 - 0.011
0.195	0.199	0.200	0.200	0.200

County of McHenry, Illinois
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	Year Taxes Payable			Year Taxes Payable		
	2012			2003		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Stores, Inc.	\$ 18,273,540	1	0.19 %	\$ 7,715,826	6	0.11 %
Nimed Corp.	12,797,559	2	0.14	6,744,472	8	0.10
Meijer Stores	9,727,540	3	0.10	11,328,006	3	0.17
Inland Real Estate Corp.	9,298,462	4	0.10	-	-	-
Target Corp. (Dayton Hudson)	9,288,195	5	0.10	-	-	-
Sky Ridge Partners LP	8,878,646	6	0.09	-	-	-
Rubloff	8,807,033	7	0.09	-	-	-
Centro Bradley	8,702,012	8	0.09	-	-	-
DDR McHenry SQ	8,564,785	9	0.09	-	-	-
Federal Home Loan Mortgage Co.	8,504,503	10	0.09	-	-	-
Motorola	-	-	-	20,997,900	1	0.31
Cunat Bros. Inc.	-	-	-	14,153,114	2	0.21
Bradley Real Estate	-	-	-	8,622,415	4	0.13
Crystal Point Center LLC	-	-	-	8,300,828	5	0.12
American Prudential	-	-	-	6,820,420	7	0.10
Home Depot USA Inc.	-	-	-	6,441,699	9	0.10
Terra Cotta Realty Co.	-	-	-	6,125,285	10	0.09
	<u>\$ 102,842,275</u>		<u>1.08 %</u>	<u>\$ 97,249,965</u>		<u>1.44 %</u>

Source: McHenry County Assessor's Office.

County of McHenry, Illinois
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Levy Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Net Amount Collected in Subsequent Years	Total Collected to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	\$ 42,814,112	\$ 42,737,686	99.82 %	\$ -	\$ 42,737,686	99.82 %
2004	50,333,994	50,268,332	99.87	-	50,268,332	99.87
2005	56,605,027	56,478,087	99.78	-	56,478,087	99.78
2006	62,333,680	62,245,602	99.86	-	62,245,602	99.86
2007	66,273,418	66,174,779	99.85	-	66,174,779	99.85
2008	69,497,238	69,328,620	99.76	-	69,328,620	99.76
2009	73,587,785	73,429,748	99.79	14,483	73,444,231	99.80
2010	74,443,780	74,299,194	99.81	358	74,299,552	99.81
2011	76,846,500	76,659,934	99.76	27,506	76,687,440	99.79
2012	78,285,064	78,153,090	99.83	-	78,153,090	99.83

Source: McHenry County Treasurer's Office.

County of McHenry, Illinois
RATIOS OF OUTSTANDING DEBT - BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Debt Certificates	Capital Leases	Installment Notes	Debt Certificates	Revenue Bonds	Capital Leases			
2003	\$ 770,000	\$ 14,417,072	\$ 919,158	\$ 164,644	\$ -	\$ 625,000	\$ -	\$ 16,895,874	0.17 %	\$ 59.06
2004	-	23,433,077	804,464	-	12,500,000	325,000	-	37,062,541	0.36	125.05
2005	-	25,589,569	1,074,018	-	12,500,000	325,000	-	39,488,587	0.36	129.90
2006	-	28,840,473	785,929	-	12,020,000	165,000	52,774	41,864,176	0.36	134.02
2007	-	81,460,136	1,348,872	-	11,535,000	-	39,586	94,383,594	0.78	298.74
2008	-	74,637,760	2,410,549	-	11,035,000	-	25,997	88,109,306	0.70	276.52
2009	-	71,530,000	1,619,735	-	10,525,000	-	11,994	83,686,729	0.70	260.74
2010	-	72,045,000	647,074	-	9,555,000	-	-	82,247,074	0.69	266.38
2011	-	63,540,000	2,607,332	-	8,915,000	-	57,613	75,119,945	0.60	243.79
2012	-	55,180,000	1,927,676	-	-	-	43,981	57,151,657	0.44	185.47

Notes: Details regarding the County's outstanding debt can be found in the notes to financial statements.
See Demographic and Economic Statistics at page 181 for and personal income and population data.

County of McHenry, Illinois
RATIOS OF OUTSTANDING GENERAL BONDED DEBT
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt				Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation Bonds	Debt Certificates	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt		
2003	\$ 770,000	\$ 14,417,072	\$ (136,608)	\$ 15,050,464	0.08 %	\$ 52.61
2004	-	35,933,077	-	35,933,077	0.17	121.24
2005	-	38,089,569	-	38,089,569	0.16	125.30
2006	-	40,860,473	-	40,860,473	0.16	130.81
2007	-	92,995,136	-	92,995,136	0.33	294.34
2008	-	85,672,760	-	85,672,760	0.28	268.87
2009	-	82,055,000	-	82,055,000	0.26	255.65
2010	-	81,600,000	-	81,600,000	0.26	264.28
2011	-	72,455,000	-	72,455,000	0.25	235.14
2012	-	55,180,000	-	55,180,000	0.21	179.07

Notes: Details regarding the County's outstanding debt can be found in the notes to financial statements.
See Assessed Value and Estimated Actual Value of Taxable Property Schedule at page 171 for property value data.
See Demographic and Economic Statistics at page 181 for population data.

County of McHenry, Illinois
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
November 30, 2012

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
County of McHenry	\$ 57,678,000	100.0 %	\$ 57,678,000
Overlapping			
Municipalities	142,780,000	5.6 - 100.0	122,875,000
Unit School Districts	890,469,000	0.1 - 100.0	391,792,000
Elementary School Districts	115,898,000	93.3 - 100.0	112,961,000
High School Districts	61,484,000	98.5 - 100.0	61,198,000
Community College Districts	426,808,000	0.1 - 96.3	19,203,000
Conservation District	144,498,000	100.0	144,498,000
Township and Road Districts	2,560,000	100.0	2,560,000
Park Districts	36,519,000	81.5 - 100.0	33,482,000
Fire Protection Districts	16,374,000	6.3 - 100.0	11,770,000
Library Districts	21,543,000	2.1 - 100.0	6,471,000
Total Overlapping			<u>906,810,000</u>
Total Direct and Overlapping Debt			<u>\$ 964,488,000</u>

Sources: Assessed value data used to estimate applicable percentages provided the County Clerk's Office. Debt outstanding data obtained from annual financial reports submitted to the Illinois Comptroller or Illinois State Board of Education or from individual comprehensive annual financial reports.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses of the County should be taken into account. However, this does not mean that every taxpayer of the County is a taxpayer of each of the above overlapping districts and responsible for bearing the repayment of the long-term debt of each overlapping district.

The percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another district's assessed value that is within the County's boundaries and dividing it by that district's total assessed value.

Amounts are rounded to the nearest thousand.

County of McHenry, Illinois
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 183,034,172	\$ 202,306,811	\$ 221,534,504	\$ 246,234,032	\$ 270,925,343	\$ 291,982,711	\$ 302,641,027	\$ 300,023,024	\$ 279,665,081	\$ 254,217,533
Less: total debt applicable to limit	<u>(1,083,802)</u>	<u>(804,464)</u>	<u>(1,074,018)</u>	<u>-</u>	<u>(54,885,000)</u>	<u>(50,385,000)</u>	<u>(45,695,000)</u>	<u>(40,805,000)</u>	<u>(35,715,000)</u>	<u>(30,405,000)</u>
Legal debt margin	<u>\$ 181,950,370</u>	<u>\$ 201,502,347</u>	<u>\$ 220,460,486</u>	<u>\$ 246,234,032</u>	<u>\$ 216,040,343</u>	<u>\$ 241,597,711</u>	<u>\$ 256,946,027</u>	<u>\$ 259,218,024</u>	<u>\$ 243,950,081</u>	<u>\$ 223,812,533</u>
Total debt applicable to limit as a percentage of debt limit	% <u>0.59</u> %	% <u>0.40</u> %	% <u>0.48</u> %	% <u>-</u> %	% <u>20.26</u> %	% <u>17.26</u> %	% <u>15.10</u> %	% <u>13.60</u> %	% <u>12.77</u> %	% <u>11.96</u> %

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed valuation (2011 tax year)	\$ <u>8,842,348,966</u>
Debt limitation (2.875% of assessed valuation)	<u>254,217,533</u>
Debt outstanding	
Debt Certificates	55,180,000
Capital Leases	<u>1,971,657</u>
Subtotal	57,151,657
Less: debt not subject to limitation	<u>(26,746,657)</u>
Total debt applicable to limit	<u>30,405,000</u>
Debt limit margin	\$ <u><u>223,812,533</u></u>

Note: Per state statute, the County is limited to issuing debt in an amount not to exceed 2.875% of the assessed value of the taxable property within the County. However, this limitation does not apply to debt issued for the purpose of building a County court house, jail, or other necessary County buildings and for the accommodation thereof. (50 ILCS 405 - Local Government Debt Limitation Act)

County of McHenry, Illinois
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

911 Fund Revenue Bonds							
Fiscal Year	Charges for Services	Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2003	\$ 1,841,241	\$ 59,734	\$ 1,070,032	\$ 830,943	\$ 140,000	\$ 24,823	5.04
2004	1,932,388	47,455	1,213,330	766,513	300,000	18,785	2.40
2005	1,966,275	72,133	1,232,169	806,239	-	13,195	61.10
2006	2,032,278	104,103	1,332,078	804,303	160,000	7,035	4.82
2007	2,209,926	135,558	1,517,913	827,571	165,000	300	5.01
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-

Notes: Details regarding the County's outstanding debt can be found in the notes to financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. 911 Fund revenue bonds were backed by charges for services, which represent monthly telephone surcharges paid on telephone lines within the County. This issue was paid off in 2007.

County of McHenry, Illinois
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	(1) Population	(2) Personal Income	Per Capita Personal Income	(3) School Enrollment	(3) Number of Teachers	(4) Unemployment Rate	
2003	286,091	\$ 9,847,911,000	\$ 34,422	50,097	3,654	5.9	%
2004	296,389	10,341,849,000	34,893	51,535	3,638	5.2	
2005	303,990	10,912,279,000	35,897	53,235	3,350	5.1	
2006	312,373	11,775,935,000	37,698	53,917	3,142	3.7	
2007	315,943	12,083,131,000	38,245	54,256	3,523	4.3	
2008	318,641	12,593,662,000	39,523	54,350	3,742	5.8	
2009	320,961	11,878,782,000	37,010	54,080	3,648	9.6	
2010	308,760	11,975,542,000	38,786	53,179	3,456	9.6	
2011	308,135	12,608,405,000	40,918	52,875	3,438	9.4	
2012	308,145	12,946,856,000	42,015	52,209	3,369	8.4	

Sources:

- (1) US Census Bureau.
- (2) Bureau of Economic Analysis, US Department of Commerce.
- (3) Regional Superintendent of Schools.
- (4) Illinois Department of Employment Security.

County of McHenry, Illinois
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Centegra Health System	3,750	1	2.32 %	2,830	1	1.88 %
Wal-Mart	2,400	2	1.48	-	-	-
Jewel Osco	1,400	3	0.86	-	-	-
County of McHenry	1,400	4	0.86	1,130	2	0.75
Follett Library Resources, Inc.	1,200	5	0.74	989	3	0.66
McHenry County College	855	6	0.53	605	7	0.40
Catalent Pharma Solutions	750	7	0.46	-	-	-
Mercy Health System	685	8	0.42	-	-	-
Brown Printing	650	9	0.40	670	6	0.44
Snap-on, Inc.	639	10	0.39	-	-	-
Intermatic, Inc.	-	-	-	950	4	0.63
Dana Corp/Brake Parts Inc.	-	-	-	750	5	0.50
Cardinal Health Sterile Technologies	-	-	-	600	8	0.40
Manpower	-	-	-	600	9	0.40
Tru Serv Corp.	-	-	-	525	10	0.35
	<u>13,729</u>		<u>8.48 %</u>	<u>9,649</u>		<u>6.41 %</u>

Source: Principal employers obtained from the annual McHenry County Book of Lists, compiled by the McHenry County Business Journal. Total County employment obtained from the Illinois Department of Employment Security.

County of McHenry, Illinois
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES - BY FUNCTION
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	Full-time Equivalent Employees as of November 30,									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General and administrative	184.0	195.7	196.8	201.7	203.9	213.3	208.2	207.3	205.4	206.1
Community development	23.0	22.0	20.0	23.6	25.1	23.5	27.0	28.0	26.9	26.9
Transportation	36.0	38.0	48.0	50.5	56.5	59.5	57.4	56.4	60.0	60.0
Public safety	296.5	316.9	377.5	382.5	394.2	404.9	400.1	401.0	402.7	402.8
Judiciary and court related	173.6	175.1	175.0	194.8	211.5	212.1	208.4	214.9	207.0	208.3
Public health and welfare	252.0	267.9	270.3	300.1	302.6	312.2	359.6	358.3	333.1	329.2
	<u>965.1</u>	<u>1,015.6</u>	<u>1,087.6</u>	<u>1,153.2</u>	<u>1,193.8</u>	<u>1,225.5</u>	<u>1,260.7</u>	<u>1,265.9</u>	<u>1,235.1</u>	<u>1,233.3</u>

Source: McHenry County Department of Human Resources.

Note: A full-time employee is scheduled to work 37.5 hours per week, which is equal to 1950 hours per year (52 weeks * 37.5 hours/week). Full-time equivalent employment is calculated by dividing total labor hours by 1950.

County of McHenry, Illinois
OPERATING INDICATORS - BY FUNCTION
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General and administrative										
Documents recorded	173,421	115,446	110,544	96,602	86,224	65,141	63,309	59,651	54,381	62,098
Real estate transfer declarations	11,774	11,225	11,886	9,550	6,811	4,661	3,847	3,809	3,723	4,721
Birth certificates issued	1,859	2,109	2,264	2,213	2,062	2,066	2,020	1,889	1,806	3,589
Parcels assessed	130,547	133,137	136,646	140,899	142,521	147,007	148,679	149,278	149,348	149,353
Registered voters	172,648	186,394	184,315	186,323	189,386	199,378	200,205	202,033	202,494	203,225
Tax bills mailed	124,597	126,796	130,266	134,047	137,723	136,597	137,746	137,857	138,522	138,134
Passports applications processed	3,188	2,627	1,774	1,548	2,528	1,603	1,359	1,067	1,124	1,545
Teachers certified	3,654	3,638	3,350	3,142	3,523	3,742	3,648	3,456	3,438	3,369
Community development										
Building permit applications	1,885	1,798	1,636	1,421	1,430	1,387	1,246	1,086	886	899
Zoning petitions filed	127	131	140	96	100	79	58	51	51	52
Transportation										
Permits (access, facility, & utility)	181	140	104	114	159	108	90	76	105	86
Lane miles resurfaced	24.0	22.1	15.3	15.7	15.9	27.3	21.3	28.3	17.6	18.2
Public safety										
Incoming 911 calls	32,694	30,701	31,735	33,187	36,148	35,215	34,597	36,722	39,393	42,186
Arrests	2,907	3,095	3,006	2,556	3,690	3,827	3,622	3,398	3,432	2,653
Citations issued	8,238	10,344	11,223	12,215	14,085	13,294	14,527	13,558	12,322	14,679
Inmates processed	6,509	6,615	6,966	8,513	9,796	10,378	10,216	8,765	8,396	7,615
Hazardous material and other emergency responses	53	73	51	55	50	55	50	39	26	30
Judiciary and court related										
Judges	12	12	12	13	15	16	16	16	19	19
Total cases filed	91,418	89,332	93,338	96,769	105,502	103,207	93,849	90,367	81,058	77,258
Jury trials	37	36	30	37	60	81	84	80	77	47
Defendants appointed to public defender	4,487	4,906	4,826	4,213	4,306	4,979	5,124	4,406	4,179	3,888
Charges disposed by public defender	8,811	10,736	10,450	9,078	8,750	9,914	10,128	9,195	8,912	8,144
Public health and welfare										
Food establishment inspections	4,169	4,485	5,479	5,753	5,680	5,765	4,205	5,612	4,899	4,612
Vision screenings	11,969	12,915	12,577	12,095	11,114	9,629	9,028	7,966	9,135	8,275
Hearing screenings	13,479	15,254	13,989	13,255	13,272	13,126	13,063	11,999	12,381	12,222
Nursing home - resident days	41,027	40,528	40,695	41,181	43,406	44,450	45,186	44,945	44,731	44,239
Veterans assistance - new claims awarded	34	37	51	58	45	76	97	146	191	162

Sources: County Departments.

County of McHenry, Illinois
CAPITAL ASSET STATISTICS - BY FUNCTION
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General and administrative										
Primary buildings	2	2	2	2	2	2	2	2	2	2
Transportation										
Lane miles	495	495	495	495	502	490	495	497	497	518
Street lights	114	114	209	233	267	363	363	379	393	351
Traffic signals	24	24	25	27	29	31	32	32	35	35
Bridges	37	37	37	37	37	38	38	41	42	42
Vehicles	61	68	68	69	75	79	76	76	76	77
Public safety										
Jail inmate capacity	325	325	325	620	632	666	666	666	666	666
Sheriff vehicles	145	144	146	165	173	172	186	192	164	162
Sheriff boats	6	6	6	6	6	6	5	5	5	5
Judiciary and court related										
Courtrooms	13	13	13	13	16	16	16	16	18	18
Public health and welfare										
Nursing home capacity	117	117	117	117	127	128	128	128	128	128
Vehicles - veterans assistance	4	4	4	4	4	5	5	5	4	4

Sources: County Departments.